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NATIONAL RETAIL CREDIT ASSOCIATION**

Cleveland, Ohio



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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Editorial and Executive Offices . . . Shell Bldg., St. Louis 3, Missouri
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Washington Representative, R. P. Shealey, Colorado Bldg., Washington 5, D. C.

Volume 34

APRIL, 1946

Number 7

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Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$2.00 a year, to members of the National Retail Credit Association only. Articles published in The CREDIT WORLD reflect the opinions of the authors and not necessarily the viewpoint of the National Retail Credit Association. Reproduction privileges of original material are hereby granted, provided usual credit is given.

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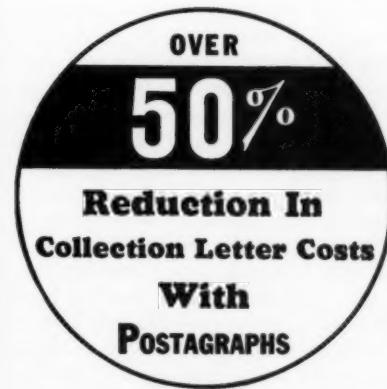
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The Economic Outlook For 1946

Leo M. Cherne

DETERMINING THE ECONOMIC problems for 1946 is difficult as we do not know what the economic possibilities are for a week ahead.

The extension of credit and the protection of credit have received considerable discussion at this meeting. Yet, it seems to me that one of the most important credit questions does not flow from either the records or the speed of their delivery to credit granters. Curiously enough, you can have an absolutely perfect background in the case of each of those who request credit, yet find yourself at the end of the year with substantial and unprecedented losses through no responsibility of the Credit Bureau. These losses were caused solely because a leak has been developed in the pocket of the debtor. That leak we call inflation.

There is no system of record keeping or record transmission, that we know of, which will satisfactorily indicate the consequences of inflation. I want to be perfectly clear. I am not talking about runaway inflation. I have no fear of runaway inflation in this country. That is not based on either hope or a conception of the American spirit. It is based upon the certainties of our productive capacity. Runaway inflation will not occur where the capacity to meet demand is as great as it is in America.

Whatever the wage price policy that emerges, certain things are clear about 1946. As a matter of fact, it is their very clarity that is making the solution of today's strike difficulties and today's wage-price difficulties as great as it is. Here are those things that are clear: In terms of economic activity, in terms of profitability of business, 1946 will almost certainly emerge as one of the banner years in American business history. In terms of the number of business failures, 1946 will be an exceptionally good year. In terms of purchasing power, a great deal of the purchasing power of the nation will be more accurately described as spree power than purchasing power. 1946 will be not a prosperity year but a boom year, with many of the boom characteristics. The word "boom" itself raises the inevitable consequences to the credit manager.

Whatever the outcome of the major strikes which dot the nation today, you would make a mistake in assuming

that 1946 will not, throughout its entire length, be afflicted with one strike after another. A great deal of this is inevitable postwar readjustment. This is the year of the bents, bends for business, labor, and government. You do not emerge either from a war economy or the many economic and social experiences of four years of war without the most trying and sometimes the most tragic difficulties, adjustments, and learning to walk again in a new tempo.

But there are factors involved other than the following of the war. We made a decision, whether we realized it consciously or not, almost immediately following V-J Day, to pull off the war controls. They did not by all means disappear, but the basic ones were either repealed or were weakened.

Let me illustrate the consequences. I do not suppose it is any secret today that the Truman Administration wishes it had not ended the War Labor Board, because a settlement of today's wage-price difficulties without the War Labor Board is nearly an economic impossibility. Therefore, one of the things I would expect is that the wage-price formula will also include some mechanism which has some of the capacity of the War Labor Board.

We pulled off almost all of the rationing controls. A fight has been going on for a number of months about price control; but make no mistake about it, price control was substantially weakened almost immediately following V-J Day. But probably most important in this entire picture, a lesson that those concerned with industrial mobilization in the early days of the war learned—and learned bitterly—is that there is no controlling one segment of the economy without controlling every other segment to which it is joined. You cannot effectively control prices unless you control everything that goes into prices and that the pure imposition of a ceiling will not effect control. You cannot retain price control and expect substantial success without retaining control over the materials themselves. The one greatest elimination following the end of the war was the elimination of the controls over the materials that are used in American production. From these, certain inevitable consequences occurred.

I do not suppose anyone knows the state of the nation's inventories, but I think any economist would be out of his mind if he expected that they would be equally distributed. I do not suppose we know the consequences of a substantial wage increase, but I think any economist would be out of his mind if he expected that it were not going to be granted. I am not at all sure what the final academic picture would be on the question of, can wage increases be given without price increases? But I said the picture was quite academic, because the price increases will be given. Today's problems will be settled by a double-barreled attack, a small dose of inflation and an attempt to play for time.

LEO M. CHERNE is Executive Secretary, Research Institute of America, New York, N. Y. This is an address given before the third annual meeting of Districts 2 and 12 of the National Retail Credit Association, Hotel New Yorker, New York, N. Y., February 10-12, 1946.

It will take approximately this form: Those industries today embattled, particularly steel, are quite obviously in for a price increase. An effort will be made to keep that price increase from spreading through all other industries. That effort will be accomplished by delay. The delay will not be the result of administrative inability to do its job. On the contrary, the greater the ability to do the job, the greater delay, because the delay itself will be the tactic. In other words, every day gained before a price increase is granted is that much of an accomplishment in the holding of a price line. I am not advocating the tactic. I am describing it. I am describing the double-barreled effort which will attempt for the next six months to hold a new price line until the flood of production gets under way.

I would also indicate that the attempt would be a successful one were it not for one fact. A new element will enter the picture in April. That element is called John L. Lewis. Whatever the increase that the CIO Unions get, John L. Lewis will ask for more and will not settle for less, because 1946 will see the beginning of John L. Lewis' attempt to break the CIO and to emerge, as his ambition has always impelled him, as America's ace Labor leader. Therefore, we can expect that after the drama of steel and automobiles and communications is ended, a new name will reverberate from one end of the country to the other, District 50. With District 50, John L. Lewis will no longer be the coal miners' boss. District 50 is an accordion name that will fit any situation or any industry.

Knowing the past practice and experience of John L. Lewis, his chances for success are better this time than ever before. One of the things that will play in his favor is the fact that the CIO is at the present moment, quite privately involved in a conflict between two separate and quite antagonistic wings. A number of the Unions are Communist dominated. In a number of other Unions, they are struggling for domination. With a change of the Party line several months ago, the Communists have ditched the no-strike pledge and their all-out production appeals and are today ready to ask for anything under the sun. They are less concerned with whether they get it than with whether it makes an appeal upon those whose interests they are attempting to attract.

Economic Probabilities for 1946

For example, we shall see in the General Motors industry whether Walter Reuther survives the present strike. If Walter Reuther does not deliver to his members something that looks like a victory, the Communists will have won the Union. Therefore, on the surface, we see the fight between Reuther and General Motors. Underneath the surface, there is the fight between Reuther and his own extreme left wing. This, too, is part of the current that makes up the economic probabilities for 1946.

Then there is a final broad sweep that will begin to take major shape in 1946 and extend well beyond it. Mass production depends on mass credit. It is another way of saying that you have mass production and expanding production if there is an expanding number of people able to buy the goods of that production. The question is a very academic one today, but, I am afraid, it will be a very acute, real, and pressing one when America's pro-

ductive capacity really begins rolling the postwar goods out to the shelves of the nation.

I doubt very much that anyone can give the precise answer to the question, but the question remains—after the accumulated and, in many ways, unreasonable demands of today are satisfied, will the level of consumption, the normal traditional, steady, going level of consumption and the level of credit to maintain that consumption be equal to the capacity to produce goods in America's expanded plant capacity? There is your basic question. It can be viewed from many separate points of view and with many different perspectives, but the question does not change.

Ventures in Pure Chance

I would be dishonest if I did not say that with a slight modification, our economic probabilities beyond 1946 are ventures in pure chance. Business for a long time has asked for its head; has asked to be master of its own environment; and also asked to have the reins taken off. I think we can privately admit to ourselves that that is about what we will have.

The environment beyond 1946 will be the environment of prosperous business, operating in an automatic economic society. Planning will play a very small role, if any at all, in that interim. Outside of the field of housing, the intervention of the Federal Government will be almost completely negative in character. I have been asking businessmen, wherever I go, the answer to the same question. In an automatic environment that starts out on the firm base of prosperity, how long will it continue? The answers I receive invariably run somewhere between two years and five years.

The optimist says five and the pessimist says two, and very few of either group stop to reflect that the greatest pessimism of all is implicit in both answers, that both are saying in essence that after the two or after the five years, then comes the deluge. I am not that pessimistic, because I have a hunch that the prosperous flavor of the automatics itself will impel many groups of businessmen to consider some of the fundamental questions involved in keeping mass credit available in a magnitude equal to the capacity of America to produce.

It is unfortunate that we face a problem as critical as this in a period immediately following war, because everybody is tired of his long-range thinking. Let's not kid ourselves—in one way or another, we all are set for a spree, though the spree may not be anything more than a good shootin', escapist cowboy picture. Four years of restriction, four years of critical objective, four years of tragedy are a big dose for the human individual. The presence of dollars today is an adequate answer for most people, and the dollars are there today.

I have not been asked to talk about anything beyond 1946. I have extended and I have imposed upon the invitation for a simple reason. I cannot look at a year by itself; 1946 is the year that follows 1945 and comes before 1947; but 1946, if we could rip it out of its context in history, is a year of enormous commercial and industrial prosperity, characterized by enormously vital and, on the whole, successful strife. *1946 will be a year in which, by and large, there is very little that you can do that will be wrong in 1946, but in which a great deal of what you do in 1946 can be very wrong in 1947.* ★★

GOVERNMENT CONTROL NECESSARY FOR SOUND INSTALLMENT CREDIT

Louis J. Breuner

THE SUBJECT of consumer credit is one of the most important items on the balance sheet of any firm engaged in the sale of retail merchandise to the ultimate consumer. For the person who sells merchandise on the basis of credit, whether it be charge accounts or lease contracts, especially if that firm sells merchandise on an installment basis, the item of accounts receivable is perhaps one of the most important of all the items shown in his financial statement. It, therefore, becomes important that the owner or operator of a business either carefully watches his installment accounts or hires and trains experts to look over this phase of his business the same as he engages merchandise men, sales managers, service superintendents, and others on whom he depends for a successful operation.

In our process of taking inventory, we sometimes forget to take a true value on our accounts receivable simply because they are more or less intangible. We forget that the smaller the down payment and the longer the contract is extended, the greater the possibility of the individual's inability to complete his contract as agreed, such as through loss of a job, divorce, or illness—to say nothing of natural depreciation and obsolescence. That depreciation starts immediately after the merchandise is delivered.

This discussion resolves itself quickly, therefore, to a study of Regulation W, which has had more influence on the installment problem since the beginning of the war than any other event in the history of the installment problem, and as you will quickly learn as this discussion progresses, we are definitely in favor of the continuation business. As to most questions there are two sides to the of Regulation W with modifications on the part of the governing body when and if conditions warrant.

We would like to quote a paragraph from an article which, on invitation, we prepared for the February, 1944, CREDIT WORLD:

While Regulation W came into being as a result of wartime needs in order to curb inflation, it is our belief that it has also stopped one of the greatest financial debacles which this country would ever have witnessed. It stopped the amassing of money in the hands of the few at the expense of the many by prohibiting people from mortgaging themselves far into the future—and at costs that would be prohibitive and unnecessary.

LOUIS J. BREUNER is Chairman of the Board, John Breuner Company, Oakland, California, and a Past President, National Retail Furniture Association. This is an address delivered at the Marketing Conference, Chamber of Commerce of the United States, February 11, 1946, Sacramento, California.

sary. It has helped to create a backlog of purchasing power, which will mean much to retailing when the war is over and the shift is made from wartime to civilian commodities. It has created savings which have been largely used to help finance the war, those savings being in the form of bank deposits and Government bonds, all of which can be used to purchase consumer goods when they again become available, and without the necessity of the public having to ask for unsound credit terms such as were in existence just prior to the advent of Regulation W. The more even that we can keep the flow of consumer merchandise in the years just ahead, the less of a headache we shall have and the less likely another severe depression.

We believe that this article, now over two years old, stated conditions which since have proved to be true, and our opponents in the main will agree with that. However, the chief opposition of the opponents to Regulation W is that they dislike Government interference with private business, and they emphasize this over and over again. We, too, dislike unnecessary Government interference with business, but a time comes when chaos would be created if some regulatory body were not set up by Government to correct conditions which private business alone was unable to cope with.

We have our Interstate Commerce Commission to regulate rates on our common carriers, and that law was the result of the abuses of rebates to favored customers which existed prior to the enactment of the law setting up interstate commerce. We have our Federal Reserve System to regulate the flow of money, which was inaugurated at a time when privately owned banks could not cope with the situation themselves. We have our Maritime Commission. We have our Child Labor Laws and industrial safety laws to prevent unscrupulous businesses from taking advantage of situations which were unfair and against the best interests of the public welfare. There are many other regulatory laws which are a necessity in our economy, and which few, if any, businessmen would want to throw out of the window at this time. Surely in the enactment of all of them there was opposition at the time, but we have become used to them. We see the fairness of these laws, and today a great howl would go up if they were to be abandoned.

The condition now has come about where installment credit is so diversified that in our opinion it can no longer be regulated by private initiative. There was a time when most commodities sold on an installment basis were handled entirely by the retailer who sold the merchandise, and who financed his own contracts. Through trade associations, educational programs, community credit policies, some reason prevailed in the length of the time of contracts and the amount of down payments. However, by the time 1941 rolled around, the installment business had many ramifications. There were not only retailers in the field but the business had grown to where personal loan companies, industrial banks, commercial banks, large commercial loan companies, and manufacturers' loan subsidiaries had entered the field; each vying with the other for a share of this business. There was no way to bring all these divergent interests together to create a

common understanding or to formulate policies which would insure proper controls, and one of the last terms, before the advent of Regulation W, which we remember very well was "Nothing Down with 5 Years to Pay" on electric refrigerators.

Past experience has proved that a considerable majority of the consuming public, who of necessity must use the installment method of buying, invariably overbuy, that is, they enter into purchase agreements and commitments over and above the amount they are able to meet from their weekly or monthly salaries, after the necessities such as food and shelter have been deducted. Such overbuying invariably leads to uncollectible accounts, replevins, loss of the customers' merchandise and good will.

Regulation W came into the field and saved us from ourselves, and if it should be dropped suddenly, nothing but chaos can come out of the situation which would be created. This would be especially true at the present time with the great shortage of merchandise which exists. Some retailers would refuse to part with any of their short items unless the consumer agreed to buy the goods under lease contract at the longest possible terms that the retailer could get him to take, and with a maximum interest charge based on the number of years the contract could be made to run. We happen to know that at the present time in the sale of secondhand automobiles it is next to impossible to buy a used car unless one agrees to take it on an installment basis.

In the petition recently presented to President Truman by the Retail Credit Institute of America for the immediate termination of existing curbs on installment buying, the following statement is made: "The regulation will monopolize consumers' credit into channels of big business and banking and destroy thousands of little merchants throughout the nation, who, for a generation, or generations, have served their customers' credit needs on a flexible, personal basis." This statement to me is most ridiculous. As a matter of fact, the principal proponents of continuation of credit control are the smaller dealers of America, who have seen big business and banking as described by the author of this article offer merchandise on such a low down payment and over such a long period of time as to make it utterly impossible for them to compete and survive.

Competition for Installment Credit

Think of the condition that would prevail if the terms were extended beyond the present terms set up under regulation. This problem would be amplified many times if all holds were barred. The competition for installment credit which would be created by the abandonment of Regulation W would set up a competitive situation in which the sale of merchandise to consumers would become secondary to the sale of credit, and as goods become more plentiful it would load up people with lease contracts in which few, if any, would have a proper equity in the goods which they purchase. It would throw back the responsibility to the dealer who sold merchandise on a down payment which did not insure the customer owning an equity in the goods which he bought, and the number of months for which contracts would be issued would mean that until the last payment was made the consumer never would have an equity. Depreciation on all merchandise would be greater than the amount of money that he was paying for those goods under a lease contract.

Retailers would have to hold the sack as the various types of loaning agencies which would take their contracts would not only ask for substantial discounts but insist on these retailers setting up large sums for reserves as insurance against future losses. The point would eventually come where a day of reckoning would be in order and the retailer would be holding the bag, with the resultant mortality of retailers, which would be beyond anything that we have ever comprehended in the past.

Few, if any, have seemed to take the interest of the consumer in mind as to his thoughts on Regulation W. One of these exceptions is the Des Moines Survey recently made in Des Moines, Iowa, in which consumers were polled as to their opinions on installment buying. The question was asked as to whether some sort of control which would prevent people from signing for installment payments totaling more than a certain percentage of their monthly income should prevail. In excess of 60% of the people who answered showed that the people thought that that was a good idea. We believe that if more surveys were made of public opinion with respect to installment controls the prevailing opinion would be in the affirmative. Why shouldn't the opinion of the consumer be considered in these matters? After all, he is going to be one of the principal victims.

No Complaints Against Regulation W

Another cry which goes out from our opponents is that the returning veteran cannot buy goods because of the stiff regulations. In a recent issue of *Retailing*, there appeared a most interesting article emanating from the Veterans' Service Center of New York City, which in the 18 months it has functioned has been consulted by almost 75,000 members of the armed forces. I quote excerpts from this article as follows: "The most important service home furnishing retailers can give to returning veterans trying to set up a home is to help him budget sensibly within his means." Interestingly enough, the New York Service Center has no complaints to report against Regulation W by servicemen. One spokesman, however, said he felt that there was a definite danger in the prewar, long-term installment systems because they might induce the veteran to commit himself for too much.

I believe that the continuation of Regulation W, amended reasonably to conform to laws of supply and demand, will be a lifesaver for the veteran. It will certainly teach consumers to spend their money more carefully and to fulfill their obligations within a specified period. Without such control the veteran would be at the mercy of unscrupulous retailers and there would be no limit to the minimum down payment or the credit stretch period.

It is our belief that in consumer credit is one of the most important forces in the economy of the United States. It is finally out of its swaddling clothes and is big business. It is beyond private enterprise to cope with this problem alone. It needs the help of regulatory laws. It will destroy itself unless this regulation continues to prevail. It is our belief that the Federal Reserve System has done a good job in administering Regulation W to date and that they have a complete knowledge of the problem. *We believe that a law should be passed in our Congress making the regulation of credit a permanent function of our Federal Reserve System.* ★★

Journeyings of the General Manager * * * L. S. Crowder

NEW YEAR'S EVE found me speeding toward New Orleans on the Panama Limited, one of the fine trains of the nation. Arrived early New Year's morning—a beautiful day, and quite different from the blizzard which was raging on my departure from St. Louis the previous afternoon.

The Roosevelt Hotel was crowded, more than 1,800 having been housed there the night before. (The normal capacity of the hotel is 950.)

While my friend Roy Bartlett, Convention Manager of the Roosevelt, and one of the best convention men in the country, had promised I'd be taken care of, the check-outs were so few that at eight o'clock and again at eleven o'clock New Year's evening there wasn't a room available. Roy had left word that in an emergency I was to occupy his office, and that is what I did—on a rollaway bed. It was exceedingly comfortable, however, and I enjoyed a restful night. Early the following morning I was assigned a room.

During the morning I was joined by Stanley Kemp, New Orleans Public Service, a former National Director, and William S. Launstein, Vice-President of the Louisiana Savings Bank and Trust Co., a close personal friend of more than thirty years' standing. While chatting in the hotel lobby, Evans Roberts and Mrs. Roberts of Baton Rouge were seen making their way through the crowd. Mr. Roberts is President of District 4, N.R.C.A., and has done a "bang-up" job the two years he served as president.

That afternoon it was my pleasure to attend the Sugar Bowl football game between St. Mary's of California and the Oklahoma Aggies, the guest of the New Orleans Association. The day was perfect, the setting colorful and unusual—the attendance of 74,000 representing "fans" from North, South, East and West. Between halves, among other notables, General Wainwright was introduced. He was greeted enthusiastically and responded in a most appropriate manner.

While St. Mary's lost, the first half was very close and interesting. The score in the last half was uneven, largely due to several breaks for the Aggies and the extra weight of that team, which gradually wore down the boys from St. Mary's.

That evening Mr. and Mrs. Kemp were hosts at a dinner at Antoine's, reservation having been made several weeks in advance.

Spent Wednesday, January 2, in New Orleans and calls were made on many of the "old timers." In addition to the Past Presidents shown in the photograph on the opposite page and honorary members Harris Copenhaver and F. J. Finnian of the Credit Bureau, I had the pleasure of greeting Past Presidents A. E. Maurin, New Orleans Public Service, and E. J. Dobard of the Louisiana Trust & Savings Bank, also Chas. D. Bornwasser, Roosevelt Hotel and Chairman of the hotel group at Cleveland in May who were unable to attend the Past Presidents' dinner. Mr. Dobard served nearly three years in the United States Naval Reserve and was discharged November 12, 1945, with the rank of Lieutenant Commander. Also called on Geo. L. Peterson, Maison Blanche—who was formerly associated with my friend George Miller of Arnold Constable, New York—Gerald E. Tell, D. H. Holmes Co. Ltd., President of the New Orleans Association, Henry Waszkowski, Hausmann's, and Edward S. Burke, Gus Mayer Co. Ltd., immediate Past President of the

Association. Learned with regret of the passing, the latter part of January, 1945, of Gabe Hausmann, an old friend and formerly a very active National member.

Enjoyed a visit with E. T. Colton, Treasurer, New Orleans Public Service, Inc., who offered several excellent suggestions for the Utility program at Cleveland in May. He will attend the conference and will be a member of the Utility panel.

It is always a pleasure to meet and discuss current conditions and the "old days" of the National with Robert Lienhard, President, D. H. Holmes Co. Ltd., and J. A. Smith, one of the officers of that company. Both Messrs. Lienhard and Smith served as Credit Manager of Holmes, and Mr. Lienhard was National Director from 1921 to 1924.

Thursday morning, January 3, I left by plane for Baton Rouge. As a guest of Evans Roberts, I attended a luncheon of the Kiwanis Club. Former National Director Louis Selig was also present. He is a Kiwanian and is Vice President of the local club.

That night I was the guest of the officers and directors of the Retail Merchants Credit Association at a delicious steak dinner at Mike and Tony's. At the dinner were present Miss Marion Brooks, a Past President of the Credit Women's Breakfast Clubs of North America, recently returned from Lake Charles and who, with a former associate, is to go into business in Baton Rouge; R. J. Abbott, Darling Lumber Co., President of the Retail Merchants Credit Association; M. A. Tynes, Bates & Thigpen, Vice President; Wm. Decker, Secretary; Evans Roberts, Welsh & Levy Clothing Co.; F. J. Bahlinger, Kornmeyer Furniture Co.; A. W. Causey, I. M. Causey & Co.; Louis Selig, Rosenfield Dry Goods Co.; L. J. Persac, City National Bank; H. F. Pretorius, C. H. Hebert & Co.; and W. B. Quine, W. B. Quine Auto Service Station.

Evening Meeting at Baton Rouge

At eight o'clock that evening a meeting was held at the Heidelberg Hotel, President Abbott presiding. Following my address there was an open forum and, as usual, questions pertaining to Regulation W and answers thereto came in for considerable discussion.

My calls were limited, as I left for the airport early Thursday morning, but I did manage to see and discuss matters of mutual interest with Elbert E. Moore, President, and Edgar A. Sowar, Executive Vice President, Louisiana National Bank (Mr. Sowar was at one time credit manager of Welsh & Levy Clothing Co.); Stirling Dunn and J. G. Laborde, Sears Roebuck & Co.; M. A. Tynes, Bates and Thigpen; W. L. Cosselman, Montgomery Ward & Co.; Louis Selig, Rosenfield's; Evans Roberts and Henry L. Cohn, President, Welsh & Levy Clothing Company, both strong supporters of a sound credit policy; and Wm. F. (Bill) Decker of the Credit Bureau. Bill's many friends will be delighted to learn that he was recently elected President of the Louisiana Retail Credit Association.

It was with regret that I could not keep my engagement to address the credit executives and businessmen of Lake Charles, which city I had not visited in eight or nine years. Unfortunately, the plane was first reported an hour late (I had 1½ hours' leeway) and finally reached Lake Charles

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about the time the meeting was to adjourn. Upon learning that I could not arrive in time for the meeting, I telephoned the Bureau Manager, Arthur H. Vignes, who contacted the 45 who were to be present and explained my predicament. As it was not possible to hold a night meeting, the luncheon was cancelled. Was met at the airport by Mr. Vignes and after luncheon we called on the President of the Credit Bureau, Ed. Taussig, a very successful Ford dealer, who is keenly interested in the success of the bureau. Also called on Maurice Frank of The Muller Co. Ltd., a member of N.R.C.A. since June, 1921. Promised to return to Lake Charles in the fall of 1946, if possible.

Arrived in Houston Friday night, having driven from Lake Charles with a former associate in the automobile finance business, Jerry McFadden, District Manager in the Southwest of the Pacific Finance Corporation. We had dinner at Beaumont and drove the eighty miles to Houston in one of the worst rain- and windstorms I've ever experienced. It was necessary to drive at a snail's pace and several times we found ourselves off the pavement. We breathed a sigh of relief when we reached Houston about eleven o'clock. The next morning the newspapers carried accounts of cyclones in other parts of Texas.

On Saturday calls were made on Past President and National Director Leopold L. Meyer, President of Meyer Brothers, Inc. (a new business for Leopold and his brothers), former National Director E. H. (Red) Brown, Shudde Brothers, J. W. Waddle, Stowers Furniture Co., and Mike Weinstein, now of The Fashion. Other calls were made on my return to Houston Tuesday, January 9.

Left on Sunday, January 7, for Galveston. Had the experience of standing in a crowded, overheated bus from Houston to within five or six miles of Galveston. Was met at the bus station by Henry Block of Eiband's and after checking in at the hotel, drove to his home for dinner. Mr. and Mrs. Block are delightful hosts.

The meeting Monday noon was well attended and there was considerable interest in a workable community credit policy, to be adopted when Government credit controls are lifted. Unfortunately, the President of the Association, Hebert Garon of Kauffman-Meyers & Co., could not be present; it was necessary for him to leave the city on Saturday

day. Calls were made on Messrs. Eiband and Block of Eiband's. I had the pleasure, in 1917, of obtaining application for N.R.C.A. membership from Mr. Eiband's father. He was a fine gentleman and a very successful merchant.

Also called on A. G. Johnson, Silksen Shaw Furniture Co., R. W. Goodman, Model Laundry, Melvin Talley, Robert I. Cohen's (formerly assistant to Mike Weinstein at Foley Brothers, Houston), Miss Elaine Matthews, Bureau Manager, M. G. Goldstucker, Krueger Jewelry Co., Mrs. Julia Mercer, E. S. Levy Co., August Matzle, Leopold-Schaefer and E. W. Leopold of that company, Charles L. Laine, Kahn & Levy Furniture Co. Met Messrs. Walters Eggers and C. P. Evans, Director of the Merchants Association, on our visit to the office of the Association. Roy A. Kierbow of Plantowsky Furniture Co., a very active member of the Credit Association, accompanied me on my calls. He spent all of Monday morning with me—a courtesy that was much appreciated—and a real service, considering that it was a busy day and we were forced to walk around in the rain.

Left Galveston for Beaumont late Monday afternoon, arriving there in time for dinner and a good night's rest. The Beaumont meeting Tuesday noon was well attended and considerable interest was manifested in the suggested advantages of a community credit policy. Personal calls were not made in the morning, because of inclement weather, and for the same reason were limited in the afternoon. However, accompanied by Erwin E. Singleton, Manager, Retail Merchants Credit Association, I did call on James Pritchett of the White House Dry Goods Co., dean of the Beaumont credit executives and chairman of the Postwar Planning Committee, with whom the future credit outlook was discussed. Also called on Richard F. Stewart, Morgan Plan Co., president of the association, as he had informed Mr. Singleton that it would be impossible, because of a previous luncheon engagement, to attend the meeting.

Reached Houston about eight o'clock that evening. Although I had a reservation at the Rice Hotel, like my experience at New Orleans, check-outs were much lighter than anticipated and those arriving in the evening were forced to double up with others. As many as four or five persons were placed in same room. I was more fortunate, as after

(Turn to "Journeyings," page 19.)



• Seated from left to right are: Leon Lichenstein, 1925; James A. Smith, 1926; A. L. Tassin, 1929; Joseph D. Henderson, 1930; Wm. J. Fisher, 1931; Sam Mayor, 1932; and Herbert Fielder, 1936. Standing left to right are: Stanley W. Kemp, 1937; Harris Copenhafer, Honorary; Joseph H. Bergeron, 1938; Fred J. Finnian, Honorary; Ernest E. Dellucky, 1939; Evans Roberts, guest; George J. Springer, 1940; L. S. Crowder, Honorary; Ellis J. Petrich, 1941; Kaa F. Blue, 1942; Carlos A. Casler, 1943; and Armand J. Rodehorst, 1944.

Official Notice

To All Members of the National
Retail Credit Association:

You are hereby notified that the Thirty-second Annual Business Conference of the National Retail Credit Association will be held in the City of Cleveland, Ohio, May 13-14-15 and 16, 1946, for the election of officers and six directors at large, and the ratification of directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

Officers Whose Terms Expire:

President, E. E. Paddon, St. Louis, Missouri; First Vice-President, Harry L. Bunker, Oakland, California; and Second Vice-President, J. A. H. Dodd, Portland, Oregon.

Directors' Terms Expiring in 1946:

The terms of the directors for Districts 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13, and six directors at large expire at the Conference. The directors elected by Districts 2, 3, 4, 5, 6, and 7, will be ratified and installed for a one-year term, and the directors elected by Districts 8, 9, 10, 11, 12, and 13, will be ratified and installed for two-year terms.

L. S. CROWDER
General Manager-Treasurer

Attest:

ARTHUR H. HERT
Secretary

CREDIT GRANTING IN AUSTRALIA

Alan W. Crooks, Lowe's Ltd., Sydney, Australia

I HAVE WRITTEN this article with the intention of telling, in a small way, the retail credit executives in America how wholesale and consumer credit is conducted way down under in Australia.

Now that the war is successfully ended, and an era of reconstruction commenced, any cooperation between our two countries will, I am sure, be valuable. The following headings cover credit transactions in Australia generally:

1. Supply of goods from a manufacturer or wholesaler-importer to a retailer.
2. Sale of goods by a retailer to the consumer (general public).
3. Issue of cash orders by companies formed especially for such purpose.
4. Goods sold, under Hire Purchase agreements, of household appliances, automobiles, furniture, farm machinery, etc., by manufacturers and retailers to consumers, and
5. Loans, against securities, or on personal guarantee.

Manufacturers supply their finished articles to the retailer for resale to the consumer. Wholesalers import goods or purchase from local manufacturers and supply also to retailers for resale. Terms for payment in these categories are varied, and range from prompt cash and net cash 7 days, to varying rates of discount of 1.5 per cent to 3.75 per cent for settlement in from 7 to 30 days. In very few cases do terms exceed a 30-day period. In my opinion, some standardisation of terms would be beneficial to business generally. Such may be possible now that the war is over. The present position has been brought about mainly during the war years by consequent shortage of materials.

Although retail stores have curtailed their credit business during the past 4 years, the near future will see a considerable increase in such business according to the present trend. Briefly, the stores have various methods but the fundamental principles are the same. Goods are sold on open account on a monthly basis or by instalment repayments usually extending over 4 to 6 months. A special credit department, established under the control of a credit manager and staff to extend credit, collects the accounts and generally attends to all credit matters connected with the particular business.

Cash Order Companies in Sydney

The cash order business has grown from a small beginning over a number of years and reached a peak at the outbreak of the war in 1939. There are numerous cash order companies in Sydney, issuing orders for amounts of £1 to £10. These orders have coupons attached and are accepted by retail stores as cash. Purchases can be made at various stores by detaching a coupon which is filled in for the amount of the purchase; this amount, at the same time, is recorded on the order itself. Repayments are made direct to the company by the client per medium of collectors, mail or personal call at the office, over a period of 5 months. Retailers forward all coupons and completed orders to the cash order company once a month and receive face value for them within a specified time, usually 14 days, less a specified charge. A further small charge is added to the customers' accounts on the books of the cash order company. The retailer is not responsible in any way for the repayment of the order to the issuing company.

The purchase of household appliances, furniture, automobiles and other articles in the higher price range by consumers, is usually made by Hire Purchase Agreement, except when purchased for cash. After making a down payment of approximately one-fourth of the purchase price, the purchaser agrees to make weekly payments of the balance over periods of 12 months to 2 years. He becomes the owner of the goods when payment is completed in full. In Sydney, there are numerous companies that finance these Hire Purchase agreements. A retailer sells the article and an agreement is drawn up and discounted at a specified rate by the finance company. The retailer is thus reimbursed as though the sale was for cash, and the

Exhibitors

THE NATIONAL Retail Credit Association has arranged with modern office and service equipment manufacturers to exhibit at the 32nd Annual Business Conference to be held in Cleveland, Ohio, May 13-16, 1946. Those members attending the Conference will find it well worth their while to spend as much time as possible viewing the exhibits and demonstrations of these time-saving and money-saving aids to business efficiency. These exhibits—worthy of the inspection of every delegate—will be installed by the following:

Burroughs Adding Machine Company

National Cash Register Company

Remington Rand, Inc.

Addressograph-Multigraph Corporation

International Business Machines Corporation

Underwood Corporation

A. B. Dick Company

Recordak Corporation

Acme Visible Records, Inc.

Monroe Calculating Machine Company

Farrington Manufacturing Company

American Automatic Typewriter Company

TelAutograph Corporation

consumer settles with the finance company direct. An agreement is usually entered into between the finance company and retailer regarding settlement or repossession in the event of the customer failing to comply with the agreement.

Hire Purchase transactions are controlled by legislation in the various states of the Commonwealth of Australia. The latest state is New South Wales, where the Hire Purchase Agreements Act came into force in 1941. National Security (Cash orders and Hire Purchase agreements) Regulations were brought into effect on March 27, 1942, and amended May 28, 1942. These regulations thus controlled credit transactions under wartime conditions by the Commonwealth Government.

Loans on property or other securities are mainly handled by banks. Personal loans, with or without security, have been made for many years by various moneylenders and organisations. Recently, some of the Australian banks have instituted personal loan departments, and make loans, without security, to those in need of assistance for payment of medical expenses, taxes, and other necessary accounts, at a low rate of interest. On January 1, 1946, the Commonwealth Bank of Australia (Government controlled) opened an industrial finance department to assist those desiring to build homes, purchase machinery, or start new industrial concerns. There are also various mercantile agencies operating throughout the country, which attend to the collection of debts.

It is my hope that organisations similar to the National Retail Credit Association, the National Association of Credit Men, and the Associated Credit Bureaus of America will be established in Australia shortly, with the purpose of standardising credit terms and business generally in this country. *******

Program

Public Utility Group Conference

Auditorium, East Ohio Gas Co., Cleveland, Ohio

THE 32ND Annual Business Conference of the National Retail Credit Association to be held in Cleveland, Ohio, May 13-16, 1946, will bring together a representative cross section of all utility credit executives in the Nation. If you are interested in employee relations and training, credit-collection policies, correspondence, costs, and customer relations, you will want to attend the utility group sessions where these subjects will be presented by capable speakers and discussions led by well-known utility executives. This is your opportunity to learn what your fellow credit executives are thinking; to broaden your own knowledge through learning what others are doing, and to take with you thoughts which should result in definite benefits to your Company.

Chairman

P. E. Ewers, Michigan Consolidated Gas Co., Detroit, Mich.

Co-Chairmen

H. C. Stroupe, Memphis Gas Light & Water Division, Memphis, Tenn.

Clifford Tobey, East Ohio Gas Co., Cleveland, Ohio.
Harry Ballard, Cleveland Electric Illuminating Co., Cleveland, Ohio.

TUESDAY—MAY 14

Address of Welcome

Dan E. Maloney, Cleveland Agent, East Ohio Gas Co.

"Customer Research and Relations"—F. J. Ryan, Cleveland Electric Illuminating Co.

Panel Discussion

E. T. Colton, New Orleans Public Service Co.

J. Gordon Ross, Rochester Gas & Electric Corp.

J. A. H. Dodd, Portland Gas & Coke Co.

O. J. Vosbrink, Union Electric Company of Mo.

WEDNESDAY—MAY 15

"Utility Public Relations as Viewed by a Newspaper Editor"—L. B. Seltzer, Editor, *The Cleveland Press*.

Sound Film—"You Can Tell By the Teller"—Ohio Bell Telephone Company.

"Contemporary Credit and Collection Correspondence"

—Discussion Leader, Harry Reid, Consumers Power Co., Jackson, Michigan.

Discussion Subjects—To be selected by delegates.

THURSDAY—MAY 16

Tour of American Gas Association Testing Laboratories—R. M. Connor, Director, and K. R. Knapp, Assistant Director, American Gas Association Testing Laboratories.

**Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive**

Whatever your record-keeping problem may be . . . there's a *National* to help you meet it.

**Accounts Receivable • Installment Posting
Payroll Accounting • Charge Authorization
Over-the-Counter Sales • Addition and Extension**

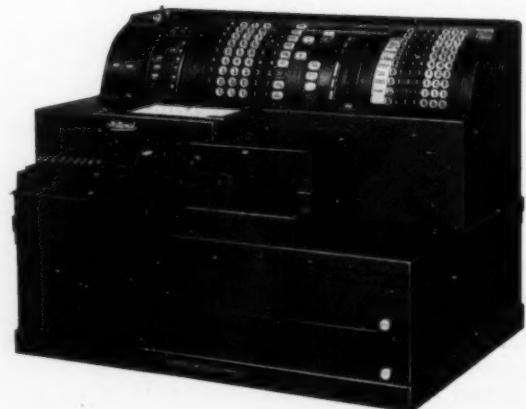
Actual results taken from the experiences of many kinds of businesses . . . from small retail stores to large manufacturing plants . . . prove the outstanding advantages of a mechanized National accounting system.

In the line of National equipment, there are machines applicable to cycle or descriptive billing, and machines designed to meet the requirements of successful credit management under widely different conditions.



The Class 3000 machine with its standard adding and typewriting keyboards, and full visibility of printing lines, is particularly valuable for all types of bookkeeping work.

The 2000 Window Posting machine → completely posts pass book, ledger, and journal in about five seconds while customer is at the window and gives management complete control over all transactions.



National
Cash Registers • Adding Machines
Accounting-Bookkeeping Machines

Relationship of Credit to Sales

In Our Economic World ***** W. A. Bean

THE RELATIONSHIP of credit to sales is very close. As a matter of fact, credit and sales are interdependent. Our economy in the last 25 years has proved that in order to have sales volume you must have credit volume, and vice versa.

At the turn of the century, this country's main economic activity was agriculture. This is evidenced by the fact that 70 per cent of the population was then living on farms and in cities of less than 2,500 population. At the present time 60 per cent of the population live in cities of 2,500 or over. In the last 70 years, the population has increased about $2\frac{1}{2}$ times. The progressive development of our productive and distributive processes has made possible this great increase in population with a constantly rising standard of living, and permitted a large portion of it to live in cities.

City Home Unlike Farm Home

As an economic unit, the city home is unlike the traditional farm home. The father no longer directs the employment of his children. Each member of the family tends to stand on his or her own economic feet. Each one of them is a potential customer for merchants' wares to the extent of the purchasing power of his income and credit. The natural partner of a money economy such as we have had for the last 25 years is credit. They grow side by side. Wherever there is a cash income of more than enough to provide the bare necessities of life, credit can be supplied.

Generally speaking, credit falls into two classes: productive and consumptive. Productive or business credit has always been available in some degree to assist in the sale and distribution of capital goods. The first real forward step in commercial financing as we know it today was in the textile field. Years ago mills sold their goods through commission merchants who were known as factors. The factor who was able to advance cash to the mill against goods consigned to him was given preference. Gradually his function became principally financial, and the others did the selling.

From a social and moral viewpoint it was never thought too bad for business houses to borrow money, but for individuals to be in debt was considered highly immoral. With the exception of real estate mortgage money, it was impossible for individuals to get cash loans on their character and earning power except from "loan sharks" until in recent years.

There are two agencies, however, who have long been in the business of supplying consumer credit—the pawn shop and the retail store. The pawnbroker could and did lend on consumer goods which the borrower had. These were appraised and stored at the pawn shop as stocks and bonds at the bank. "Uncle," as the pawnbroker came familiarly to be known, was not only the

friend of many a financially embarrassed man, but also the forerunner of the consumer credit agencies which have since come into being to supply consumers with cash credit. The retail merchant extended credit to consumers in the form of open book account. The goods thus obtained were for the most part goods that are consumed quickly. Delayed payment was a convenience to some customers who found it a help in balancing their budget, and to many unemployed people who had to consume before they could earn, it was a necessity.

One of the first companies to sell a durable product on an installment basis was the Singer Sewing Machine Company. It started using the installment method to promote sales as early as 1850. Its early managers apparently had unusual vision and plenty of courage to dare offer their product on credit terms during that period.

After World War I, our productive machine worked on a mass basis. Scientific progress and invention produced things that our people wanted but only the higher income group could afford to buy. Radios sold for \$400.00 and \$500.00, refrigerators for \$600.00, and automobiles for \$2,000.00. Manufacturers said, "The only way we can get the selling price down is mass distribution." Distributors said, "The only way we can sell in mass volume is by giving buyers long-term installment credit."

The picture was clear. It needed only adequate capital and faith in the man on Main Street. This was supplied by our finance and small loan companies. In the period from 1930 to 1940 these companies unlocked the door for the salesmen of the country to the greatest volume of sales the world had seen for any similar period in its history. During this period the world also saw a standard of living developed in this country that was envied by others. You can gain some idea of the size of this volume when you know that in 1940 total consumer



W. A. BEAN, a native of Maryland, attended Western Maryland College. From 1924-1935, he was engaged in the investment banking business. Since 1935, he has been in the small loan and discount financing business through the medium of the Upstate Personal Loan Corporation and Equitable Credit Corporation, Albany, N. Y., of which he is Secretary and Treasurer. He is now serving his second term as President of the New York State Association of Small Loan Companies.



Credit Sources for Small Business (United States Department of Commerce, Washington, D. C., 34 pages, 15 cents)—This new bulletin discusses in detail the types of credit extended by such diverse institutions as banks, industrial banking companies, small loan companies, factors, sales finance companies, wholesalers and similar suppliers, individual investors, investment bankers, corporations seeking affiliates, branches or outlets, the Reconstruction Finance Corporation, Federal Reserve Banks, Smaller War Plants Corporation, Federal Housing Administration and community industrial development groups. The booklet is designed for widespread distribution among small business men and may be obtained from the Superintendent of Documents, Washington 25, D. C., or from the Department of Commerce field offices.



Acme Visible Record Systems (Acme Visible Records, Inc., Chicago 3, Ill., 97 pages)—This new book, 96 pages in four colors, is the most complete catalog ever produced by this company. It contains descriptions, illustrations of record applications, prices, etc., of the company's products. A copy will be sent free on request.

credit stood at 10 billion dollars. Today, total consumer credit outstanding is about 6 billion dollars. The large decrease is, of course, due to the all-out war effort for the last several years.

An indication of the degree of our standard of living is the value of our housekeeping equipment which was 35 billion dollars, excluding houses, at 1939 prices; and 50 billion dollars at 1945 prices. Included in this figure is consumer durable goods such as refrigerators, ice boxes, furniture, autos, radios, and pianos, plus semidurables such as dishes, clothing, luggage, etc. Drs. Reavis Cox and Ralph Breyer of the University of Pennsylvania point out that housekeeping equipment, not including the houses in which it is used, represents in relation to population \$270.00 per capita. In relation to the national wealth, it represents 10 per cent, and if the houses are added, it represents 33.3 per cent of our wealth. Consumer's plant and equipment, 85 billion dollars, they point out, is equal to $\frac{1}{5}$ of the industrial and mining plant and equipment, of 105 billion dollars, and $\frac{3}{5}$ of industrial, agricultural, and government plant and equipment of 140 billion dollars.

Twenty-two billions of the 35 billion dollars of housekeeping equipment were of the type usually purchased on the installment plan or by installment loans. There has been approximately a one-to-one relationship for some years between the value of consumer's durable goods produced annually in America, and the consumer credit outstanding at the end of each year. Thus, it is not surprising, that the 22 billion dollars worth of consumer durables in the 1940 housekeeping equipment was pur-

chased largely on the installment credit basis. This constructive use of installment credit is not such a startling fact. The startling fact is that the debt faced by these housekeepers in all of this 22 billion dollar investment amounted in 1940 to less than 4,100 million dollars, or under 20 per cent. At that time, the net private debt outstanding in this country was 110,700 million dollars. This is 37.5 per cent of 295 billion dollars, the total private wealth of the country. That 20 per cent in relation to 37.5 per cent was surprisingly small. Installment buyers got out of debt about twice as fast as usual types of debtors.

What about the future? K. C. Richmond, Vice-President, Abraham & Straus, said, "The task of furnishing employment to 55 million persons is one of selling a product in 60 per cent greater volume than in 1940; not in producing it." Before World War II, we had the best distributive system in the world. It took 82 billion dollars worth of goods and services from producers, and sped them to customers. After the comparative sales holiday which the war brought, our marketing system now faces a job that is 50 per cent to 75 per cent larger. We are going to have, we must have, an expanding economy. From 55 million to 60 million people must have jobs. With technical advances in production (man-hour production increased four or five times) we will have a mass of goods and services worth 125 to 150 billion dollars that must be ready for the market annually.

Drop in Federal Expenditures

Professor Sumner Slichter, Professor of Economics, Harvard University, points out that the end of the fighting brought about a drop in federal expenditure that represented the greatest and swiftest disappearance of markets in history. However, he goes on to point out the offsets. At the end of the war, the accumulated backlog of deferred demand was equal to more than two years' annual sales at the 1940 rate. This included millions of iron and steel articles for civilian use, 600 varieties of which have not been made in more than three years. The shortage of automobiles is from six to ten million. Since Pearl Harbor we have fallen behind by at least one million dwelling units, and the seven million couples who were married during the war period will have to buy furniture, rugs, linoleum, refrigerators, and household equipment when they start housekeeping. If we attain these figures in 194X, consumer credit outstanding should hit 15 billion dollars. Credit will again open the door to a new high in volume sales in this, the postwar era.

All consumer credit agencies in the country are diligently perfecting their organizations and expanding them in order to be able to take care of this impending volume of credit and, therefore, sales. In addition to the small loan and sales finance companies, who in the past have taken care of the bulk of consumer credit, about 10,000 banks throughout the country are organizing consumer credit departments. You can, therefore, rest assured that consumer credit service that will be available in the coming period will be adequate to handle the demands. *Credit is truly the secret weapon of mass distribution.*

Credit Women's Breakfast Clubs of North America

EIGHTH ANNUAL CONFERENCE

Hotel Statler, Cleveland, Ohio, May 12-16, 1946



Stephanie Dougherty
President
San Francisco, Calif.



Agnes Moyer
First Vice-President
Reading, Pa.



Eleanor Wilson
Second Vice-President
Duluth, Minn.

Sally Sansom
Treasurer
Fort Worth, Texas

Program

Sunday, May 12 . . .

7:00 P.M.—GET-TOGETHER, Pine Room, Hotel Statler.

Monday, May 13 . . .

10:00 A.M.—PRE-CONFERENCE BOARD MEETING, Parlor B.

12:30 P.M.—SPECIAL COMMITTEE MEETINGS.

Tuesday, May 14 . . .

7:00 A.M.—ANNUAL BREAKFAST, Euclid Ballroom.

12:30 P.M.—DROP-IN LUNCHEON, DUTCH TREAT, All Breakfast Clubbers, Cleveland Athletic Club, 1118 Euclid Ave.

Wednesday, May 15 . . .

10:00 A.M.—Address, "Plain and Simple Faith," Miss Stephanie Dougherty, I. Magnin & Co., San Francisco, Calif., President, Credit Women's Breakfast Clubs of North America, Grand Ballroom.

12:30 P.M.—DROP-IN LUNCHEON, DUTCH TREAT, International Officers and District Presidents, Venetian Room, Continental Restaurant, 14th and Euclid.

7:00 P.M.—ANNUAL BUSINESS MEETING, Euclid Ballroom.

Thursday, May 16 . . .

12:30 P.M.—POST-CONFERENCE BOARD MEETING, DUTCH TREAT LUNCHEON, Parlor I.

7:30 P.M.—GRAND BANQUET AND DANCE, Grand Ballroom.



Mrs. Pat Hughes
Recording Secretary
Birmingham, Ala.



Mrs. Lucy J. McClurg
Corr. Secretary
San Francisco, Calif.



Mrs. Helen M. Lybold
Financial Secretary
Butte, Mont.

Mrs. Grace Jones
Historian
Salt Lake City, Utah



**THOS. EMERSON**

Vice-President in charge of domestic sales, Eversharp, Inc., Chicago, Ill. . . . Began career as sales representative . . . Rapidly moved up to vice-presidency of a national organization. . . . In 1937 began as sales manager for Eversharp. . . . In short time became Vice-President. . . . Has increased the company's yearly sales 2,000 per cent.

**H. J. CRADDOCK**

M.C.I. . . President, Aluminum Goods Ltd., Toronto, Ontario. . . Was Credit Manager and Treasurer. . . Formerly Chairman, Associated Credit Managers of Toronto. . . Director, Toronto Credit Bureau since its inception. . . Past-President, The Credit Bureau & First President, Credit Granters' Assn. of Canada.



WM. McCLELLAN
Formerly Chairman of the Board, Union Electric Company of Missouri, St. Louis. . . B.S. and Ph.D. University of Pennsylvania. . . Formerly engineer for many industrial concerns and Dean Wharton School of Finance, U. of Penn. . . Is a member of numerous professional organizations, honorary societies.

NATIONAL RETAIL CREDIT ASSOCIATION, CLEVELAND

General Convention Chairman, C. G. S. Ha

Tuesday . . . May 14

9:15—ASSEMBLY—Ballroom, Hotel Statler

COMMUNITY SINGING.

"Dick" O'Heren, Radio Station WHK, Cleveland, Song Leader.

9:30—CALL TO ORDER—Earl E. Paddon, Lammert Furniture Co., St. Louis, Mo.; President, National Retail Credit Association.

INVOCATION—Rev. Waymon Parsons, Heights Christian Church, Cleveland, Ohio.

IN MEMORIAM.

WELCOME TO CLEVELAND—Giles C. Driver, The May Co., Cleveland; Past President, National Retail Credit Association.

RESPONSE—Urban L. Morf, O'Connor-Moffatt & Co., San Francisco, Calif.

REPORTS OF OFFICERS.

10:15—APPOINTMENT OF COMMITTEES.

10:30—"The Importance of Salesmanship in Credit."

Thomas Emerson, Vice-President in charge of Domestic Sales, Eversharp, Inc., Chicago, Ill.

11:00—"The Science of Service Is the Backbone of Business."

Capt. A. A. Nicheson, Assistant to the Vice-President, The Texas Co., New York, N. Y.

11:30—"Leadership for Tomorrow."

Cameron Beck, Director Public Relations, Clark-Babbitt Industries, Inc., New York; National Southern Products Corporation, Tuscaloosa, Ala.

12:00—"Your Cooperation—Please."

Carson L. Bard, Credit Bureau of Louisville, Louisville, Ky.; President, Associated Credit Bureaus of America, Inc.

12:15—INTRODUCTION OF:

MEMBERS FROM CANADA.
CLEVELAND CONVENTION COMMITTEE.
EXHIBITORS' REPRESENTATIVES.

12:45—ANNOUNCEMENTS AND ADJOURNMENT.

Wednesday . . . May 15

9:15—ASSEMBLY—Ballroom, Hotel Statler.

COMMUNITY SINGING.

"Dick" O'Heren, Radio Station WHK, Cleveland, Song Leader.

9:30—RECONVENE.

REPORTS OF COMMITTEES:

FINANCE.

NOMINATING.

CONSTITUTION AND BYLAWS.

CREDENTIALS.

W. H. BUTTERFIELD

Chairman of the Department of Business Communication, University of Oklahoma. . . . Phi Beta Kappa . . . Past-President, American Business Writing Association . . . Author of 13 books on letter writing, and a nationally recognized authority on business letters.



R. P. SHEALEY

Washington Representative, National Retail Credit Assn. . . . Former Representative, National Assn. of Credit Men . . . Graduate, School of Law, Georgetown University . . . Has aided in the passing of such important legislation as Chapter 13 of present Bankruptcy act . . . Author, *Law of Government Contracts*.



N. R. WHITNEY

Economist, Procter & Gamble Co., Cincinnati, for more than 23 years . . . A.B. Gettysburg College and Ph.D. Johns Hopkins . . . Taught at Johns Hopkins, Universities of Iowa and Cincinnati . . . Author of several books and many business articles . . . Served as economic advisor for Surplus War Property Administration.





**CAPT. A. A.
NICHOSON**

Assistant to the Vice-President, The Texas Co., New York . . . Was a major in World War I, won Croix de Guerre . . . Talks to more than 50,000 persons every year, 15 to 20 speeches a month . . . A dynamic speaker.



CARSON L. BARD

General Manager, Credit Bureau of Louisville, Ky. . . President, Associated Credit Bureaus of America . . . Has spent his entire business life in bureau work . . . The Louisville organization is one of the oldest in the United States.



**STEPHANIE
DOUGHERTY**

I. Magnin & Co., San Francisco . . . President, Credit Women's Breakfast Clubs of North America . . . Assistant Credit Manager, I. Magnin & Company's San Francisco store . . . Has served as office clerk and secretary since joining the firm in 1924 . . . Active in credit women's affairs.

HIGHLIGHTS BESS CONFERENCE ON, EL STATLER, CLEVELAND, MAY 13-16, 1946

C. G. Halle Bros. Co., Cleveland, Ohio

10:00—"Plain and Simple Faith."

Miss Stephanie Dougherty, I. Magnin & Co., San Francisco, Calif.; President, Credit Women's Breakfast Clubs of North America.

10:15—"The Legal Aspects of a Community Credit Policy."

R. Preston Shealey, Washington Representative, N.R.C.A., Washington, D. C.

10:30—"The Business Outlook."

N. R. Whitney, Economist, The Procter & Gamble Co., Cincinnati, Ohio.

11:00—"Distribution Is Our Problem."

Dr. Wm. McClellan, Former Chairman of the Board, Union Electric Company of Missouri, St. Louis, Mo.

11:30—"Cooperation With Management."

H. J. Craddock, President, Aluminum Goods Ltd., Toronto, Ontario, Canada.

12:00—"Getting Along With People."

E. J. Warmbier, Superintendent and Personnel Director, Spear and Co., Pittsburgh, Pa.

12:30—ANNOUNCEMENTS AND ADJOURNMENT.

Thursday . . . May 16

9:15—ASSEMBLY—Ballroom, Hotel Statler.

COMMUNITY SINGING.

"Dick" O'Heren, Radio Station WHK, Cleveland, Song Leader.

9:30—RECONVENE.

AWARDING OF PRIZES.

10:00—"The Story of Credit."

Moving picture produced for Associated Credit Bureaus of America by Holly Smith Pictures, Charlotte, North Carolina.

10:30—"We Strive to Serve You Better."

Vern F. Nellis, Waterloo Adjustment Co., Waterloo, Iowa; Chairman, Collection Service Division, Associated Credit Bureaus of America, Inc.

10:45—"War or Peace."

Hon. George Alexander Drew, K.C., LL.D., M.L.A., Prime Minister of Ontario, Toronto, Ontario, Canada.

11:15—"Better Credit Letters."

W. H. Butterfield, Chairman, Department of Business Communication, The University of Oklahoma, Norman, Okla.

11:45—REPORT OF RESOLUTIONS COMMITTEE.

ACTION ON FINAL REPORT OF COMMITTEE ON CONSTITUTION AND BYLAWS.
WHERE SHALL WE MEET IN 1947?
UNFINISHED BUSINESS.

RECOMMENDATIONS FROM GROUP MEETINGS.

12:30—ELECTION AND INSTALLATION OF NEW OFFICERS.

12:45—ANNOUNCEMENTS AND ADJOURNMENT.

HON. GEORGE A. DREW

K. C., L. L. D., M.L.A. . . Prime Minister and Minister of Education, Ontario, Canada . . . Past President, League of Nations Society of Canada . . . Former Member, Supreme Court of Ontario and former member of Ontario legislature . . . Veteran, World War I . . . Author of many books and articles.



CAMERON BECK

Director of Public Relations, Clark-Babbitt Industries and National Southern Products Corp., New York . . . Personnel Director, New York Stock Exchange for 22 years . . . Formerly Director of Public Relations, National Fireworks, Inc. . . An outstanding vocational and industrial consultant, lecturer and traveler.



VERN F. NELLIS

General Manager, Waterloo Adjustment Company and the Credit Bureau of Black Hawk County, Waterloo, Iowa. Chairman, Collection Service Division, Associated Credit Bureaus of America . . . Has operated a collection business since 1936 . . . Former President, 9th District, Collection Service Division.



CREDIT FLASHERS

GROUP MEETINGS

As usual, the group meetings will again be one of the outstanding features of our Annual Business Conference to be held in Cleveland, May 13-16. The groups listed below will meet from 2:00 P.M. to 5:00 P.M. on May 14, 15, and 16. Please send, to the National Office, suggestions for your group to be discussed at these meetings.

Commercial and Industrial Banking

Dairy and Baking

Department Stores

Furniture, Musical Instruments and Electrical Appliances

Hardware, Building Materials and Supplies

Hospital and Professional

Hotels

Ice and Fuel

Jewelry

Men's Wear, Women's Wear and Shoes

Newspapers and Publishers

Petroleum

Public Utilities

Small Loans

New Manager for Collection Service Division

John J. Spafford has been appointed manager of the Collection Service Division of the Associated Credit Bureaus of America. After attending the grammar and secondary schools of Fort Worth, he attended Washington University where he received his B.S. in 1942. He then enlisted in the Army Air Forces and served as an instructor for aviation cadets at the San Antonio Aviation Cadet Center and Selman Field, Louisiana, until his discharge in January, 1945. His duties will include membership service, promotional activities and general coordination of all collection service work.

Charles S. Cross in New Position

Charles S. Cross, recently discharged from the Navy, has been appointed Credit Manager at Walker's Long Beach, Inc., Long Beach, Calif. Prior to his Naval service Mr. Cross was with LaSalle & Koch, Toledo.

NOTICE

District 5 (Kentucky, Michigan, Ohio, and Ontario, Canada) will hold a Board of Directors meeting at 10:00 A.M., Monday, May 13, in Private Dining Room 345, Statler Hotel, Cleveland, Ohio. A general meeting of this District will be held at 4:00 P.M. on the same day and in the same room.

District 13 (Illinois, Indiana, and Wisconsin, except Superior) will hold a Board of Directors meeting at 10:00 A.M., Monday, May 13, in Private Dining Room 341, Statler Hotel, Cleveland, Ohio. A general meeting of this District will be held at 4:00 P.M. on the same day and in the same room.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its 25th annual conference at the Hotel Kimball, Springfield, Mass., June 12 and 13, 1946.

District Eight (Texas) will hold its annual convention in Galveston, Texas, June 9, 10, 11, and 12, at the Buccaneer and Galvez Hotels.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting April 14 and 15, 1946, at the Hotel Cosmopolitan, Denver, Colorado.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, and Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Winthrop Hotel, Tacoma, Washington, May 5, 6, and 7, 1946.

District Eleven (Australia, Arizona, California, Hawaii, and Nevada) will hold its annual convention April 8 and 9, 1946, Hilton Hotel, Long Beach, California.

Grant Hess Returns

Grant Hess, recently released from Naval duty and veteran of two World Wars, has returned as Credit Manager for Falk's, Boise, Idaho. Because of his wide experience and also his interest in their problems, Mr. Hess also found himself a veterans' adviser at Falk's.

Byron DeForest

Byron DeForest, 68, manager of the Great Falls Credit Exchange, Great Falls, Montana, died recently from injuries received when he was thrown from a horse. Mr. DeForest was known throughout the United States as a pioneer in credit circles. Born in Missouri Mr. DeForest moved in 1901 to Montana where he taught school for a while. He began his credit career as credit manager for the D. R. Edwards Furniture Co., now the Standard Furniture Co. in Great Falls. In 1910 he started a collection agency in Great Falls and in 1925 established the Great Falls Credit Exchange. Mr. DeForest was an active member of the Lions Club. Surviving Mr. DeForest are his wife, daughter Katherine, of Great Falls, and six sisters and three brothers in the east, to whom we extend deepest sympathy.

Austin D. Carey

Austin D. Carey, President, DeSoto Hardware Co., Memphis, Tenn., died at his home recently. Mr. Carey joined the Orgill Bros. firm in 1902. Mr. Carey is a former director of the Memphis Rotary Club and a member of the Tennessee State Guard. He was also active as a member of the Chamber of Commerce, the Business Men's Club, the Knights of Columbus and the Retail Credit Men's Association. Mr. Carey leaves his wife, two daughters, three brothers and two sisters to whom we extend our sincere sympathy.

"Journeyings"

(Beginning on page 8.)

waiting until eleven o'clock, the assistant manager permitted me to occupy the Rotary Club office in which a fairly comfortable cot was placed. Early the following morning I was assigned a room.

The Houston luncheon was in honor of the past presidents and eighty to ninety members were in attendance. All past presidents were introduced and were called on for brief remarks. Each was presented with a framed scroll in recognition of past services and continued interest in the association. Photograph of the group appeared in the March CREDIT WORLD.

T. L. Loughridge, a charter member and first treasurer of the Houston Association, attended the past presidents' meeting and his friends among the "old timers" will be glad to learn that he is in business for himself and doing very well.

In addition to visits made on Saturday, the 5th, I also called on the following: Luther Wilbanks, Nathan's; Al Kuhlemann, Krupp & Tuffy; Nelson Munger, Bering-Cortes Co.; M. E. Truitt, Merchants Credit Bureau; Walter Kilpatrick of Sakowitz Bros.; Sherman Harris, Creditors Service Bureau; Mrs. G. W. Humphries, Leon Gordon Jewelry Co., Inc.; and C. B. Butcher, Credit Bureau of Houston.

J. Collier Hurley, President and Manager of the Credit Bureau of Houston, was out when I called. Later in the afternoon I telephoned Mrs. Charles W. Hurley, the wife of my friend of a quarter of a century who passed away in November. Learned that J. Collier Hurley was there and it gave me an opportunity to extend greetings for the new year.

Returned to New Orleans

Returned to New Orleans by plane late Wednesday afternoon and on Thursday and Friday called on key members whom I had not seen the previous week. Was exceedingly sorry not to be able to chat with my old friend David Liberman, Vice President of Maison Blanche, with which concern he has been associated nearly fifty years. In the early 1900's he was credit manager of that company. Mr. Liberman was ill at the time of my visit to Maison Blanche and as this is being written (March 21) I learned of his death in New Orleans. He was a native of that city and a gentleman of the old school.

On Saturday evening, January 12, it was my privilege and pleasure to attend the Past Presidents' Dinner at the New Orleans Athletic Club. Some years ago I was elected an honorary member of the club. When I am to be in the South during January or February, and can arrange to include New Orleans in my itinerary, the president of the association arranges to have the dinner while I am in New Orleans. The following account of the dinner and initiation of immediate Past President Edward S. Burke was submitted recently, with the photograph which appears on page 9 of this CREDIT WORLD.

"Out of New Orleans, Louisiana, America's Most Interesting City, The Port of the Mississippi Valley, The Air Hub of the Americas, comes one of the most exclusive credit clubs of America, the Past Presidents Club of the Retail Credit Association of New Orleans, Inc.

"The club, organized in 1935, was the only club of its kind until Baton Rouge organized a similar club in 1945. The Past Presidents Club operates as a reward for credit

RECENT ELECTIONS . . .

District 2 at New York

The following officers and directors were elected for the ensuing year at the annual meeting of District 2 held in New York City on February 11, 1946: President, Paul Jackson, C. E. Chappell & Sons, Syracuse, N. Y.; Vice-President, Joseph M. Martin, Hurley-Tobin Co., Trenton, N. J.; and Secretary-Treasurer, Mrs. Jean H. Smith, The Gorton Coy, Elmira, N. Y. District Directors: William F. Colburn, Savard & Colburn, Albany, N. Y.; George Dean, Sun Oil Co., Rochester, N. Y.; Hugh Martin, Addis Co., Syracuse, N. Y.; Emery Hacker, Union-Fern Co., Troy, N. Y.; and Rudolph Severa, R. H. Macy & Co., N. Y. National Director elected at this meeting is Stannard M. Butler, Schenectady-Union Star, Schenectady, N. Y.; and Alternate is Paul Jackson, C. E. Chappell & Sons, Syracuse, N. Y.

District 7 at Little Rock

At the annual conference of District 7 held in Little Rock recently the following officers and directors were elected: President, Ben E. Leyerle, Oklahoma Gas & Electric Co., Oklahoma City, Okla.; 1st Vice-President, Walter G. Cassmeyer, Merchants Ice & Coal Co., St. Louis, Mo.; 2nd Vice-President, Royce Schnert, Wichita Eagle, Wichita, Kansas; and Secretary-Treasurer, Mrs. Frances Smith, Hunt's, Ft. Smith, Ark. Directors: Wayne G. Pendergast, Mueller Flowers, Wichita, Kans.; K. W. Story, Christman Drug Goods Co., Joplin, Mo.; Earl Beard, National Bank, Tulsa, Okla.; and S. Richard Sims, Healy Roth, Little Rock, Ark. At the same meeting Sam L. Fogel, Wolff Bros., Kansas City, Mo., was elected National Director, and R. C. Warren, Arkansas Power and Light Co., Pine Bluff, Ark., was elected Alternate.

work well done and is composed of former presidents of the Retail Credit Association of New Orleans, Inc., having only four honorary members, Harris Copenhagen, Manager, William J. Drumney and Fred J. Finn of New Orleans Retailers Credit Bureau, Inc., and L. S. Crowder. There are no dues, membership drives, bylaws, officers, or club rooms. Every member makes his own rules, only desirable meetings are held, no business discussed and only one new member admitted each year. The candidate for membership must meet rigid requirements, his initiation including the old-fashioned goat ride.

"This year's candidate was Edward S. Burke, 1945 president of the Retail Credit Association of New Orleans, Inc. The initiation was held at the New Orleans Athletic Club January 12, 1946. Arrangements are made each year by the candidate of the previous initiation. The only invited guests to the dinner preceding the initiation were Evans Roberts, P.P. of the Baton Rouge P.P. Club, and the newly elected officers of the Retail Credit Association of New Orleans, Inc., Gerald E. Tell, President, A. C. Artigues, First Vice President, Chas. D. Bornwasser, Second Vice President, Ray J. Haydel, Secretary, and Emile J. Flautt, Treasurer."

My visits to San Antonio and other Texas cities will appear in the May CREDIT WORLD. ★★

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

IT IS A paradox of modern business that many concerns, while spending thousands of dollars each year on advertising and public relations, seem perfectly satisfied to use letters that are completely ineffectual. Some of these letters irritate their readers with blunt, bristling statements; others amuse their recipients with muddled sentences that convey comic distortions of the meaning intended.

By far the greatest number of irritating statements are to be found in collection letters. Many exasperated collection managers, it seems, lose patience and reveal their annoyance in the language of their letters. Surely every collection writer should know that courteous persuasion will produce better results than peevishness. And yet, just glance at these excerpts from collection letters now in use:

We cannot understand why you persist in refusing to cooperate with us. We had supposed that you were a responsible individual with a reasonable degree of pride in your credit standing.

Just when I thought your account was in good standing, I find it delinquent again. You know when your payments are due, as well if not better than I do.

Since you have not seen fit to pay your account or even extend to us the courtesy of a reply to our letters, we must now insist that you settle your obligation without further delay.

Unbelievable, isn't it, that firms which spend money liberally on advertising and promotional effort still permit their collection departments to beat the table with the iron fist?

Some of these promotion-minded houses are also content, apparently, with the services of persons who mean one thing but say another when they dictate a letter. Here are a few gems from recent correspondence of retail concerns:

I shall await your reply in the enclosed envelope. (A neat trick if you can do it!)

We have missed you lately, and we are wondering why. (A doubtful compliment to the reader!)

We shall be glad to learn of any way in which we've been at fault. (Proud of it, are you?)

It was good news to learn that your long absence from the store has been due to illness rather than to any fault of ours. (We would rather see you dead than dissatisfied!)

True enough, the correspondent who conveys a meaning he does not intend may give his reader a smile. But the reader chuckles at him, not with him—and making oneself a laughing stock builds neither respect nor confidence.

After encountering both outbursts of anger and gems of comedy in business letters during the past month, your editor turns with relief and encouragement to the illustrations shown on the opposite page. It is good to know that a lot of credit executives are writing letters that reflect the intelligence and judgment expected of the profession. All four contributors of this month's illustrations are members of this worthy group.

This Month's Illustrations ➔

Illustration No. 1, used by the M. L. Parker Company, Davenport, Iowa, and signed by D. Ashby, Credit Manager, represents one of those thoughtful little "extras" that surprise and please a customer. The letter is well written; it is courteous, concise, and timely. Its acknowledgment of the first use of the customer's new account personalizes the relationship by adding a touch of warmth to business routine. This type of customer-relations letter is sure to build consumer good will—the best protection a firm can have against the promotional efforts of its competitors.

Illustration No. 2, used by Gimbel Brothers, Milwaukee, Wisconsin, and signed by A. C. Wehl, Credit Manager, invites the return of inactive patrons. More than that, it emphasizes new merchandise and appeals to the thrift impulse by reminding the reader of the store's low prices. One sentence, however, could be worded more effectively. Instead of "We hope that no fault on our part has caused you to stay away," the following revision substitutes less conspicuous negatives for the terms *fault* and *stay away*: "We hope that no shortcoming on our part has resulted in your absence." And after going that far, wouldn't it be wise to follow through with: "In this case we should appreciate an opportunity to rectify it." The real purpose in mentioning possible shortcomings is to encourage the customer to report any such occurrence and thus give the store a chance to adjust it to his satisfaction. The two recommended sentences dealing with the possibility of substandard service or merchandise might well form a complete paragraph to be inserted immediately following Paragraph 2.

Illustration No. 3, used by Boyd's St. Louis, Missouri, and signed by Louis Wellinghoff, Credit Manager, informs credit applicants that charge accounts have been opened for them. The letter is cordial in its welcome, clear in its explanation of credit terms, and convincing in its assurance of the firm's desire to be of service. These are the three requirements of any letter granting a request for credit, and this example fulfills all three with admirable conciseness.

Illustration No. 4, used by Hochschild, Kohn & Co., Baltimore, Maryland, and signed by E. A. Epstein, Credit Manager, is a collection letter remarkable for both its cordiality and its consideration of the reader. What a contrast with the "verbal thunderclaps" in the first column of this commentary! Mr. Epstein's second paragraph is a splendid example of the "you attitude" applied to collection writing. It appeals to the debtor's spirit of fairness, as well as to his self-interest. If more collection writers would approach their readers from this angle, they would have fewer collection letters to write.

M. L. PARKER COMPANY

FOUNDED 1906

DAVENPORT, IOWA

(1)

January 30, 1946

Mrs. Warren D. Ellis
1554 Iowa Boulevard
Davenport, Iowa

Dear Mrs. Ellis:

Your statement for your first month's purchases is enclosed. Please accept our sincere appreciation of your patronage.

We hope that you have found our store service satisfactory in every way, and that this is only the beginning of a long and mutually enjoyable relationship.

Yours very truly,

M. L. PARKER COMPANY

L. Shaeffer
Credit Manager

DA:HWW

GIMBEL BROTHERS
MILWAUKEE

(2)

August 24, 1946

Mrs. Albert S. Terry
1114 Marquette Avenue
Milwaukee, Wisconsin

Dear Mrs. Terry:

Mr. Hachtel and I were talking about you today.

He reminded me that your charge account has been kept open for your convenience — also, that you haven't used it lately.

As you know, September starts the Fall Season — and is the beginning of an exciting period.

If you have children ... School Days begin again, which means new wearing apparel and other things they require.

Besides clothing for the family, so many household items are needed. Every department at Gimbel's is now packed with the newest in Fall merchandise ... and we are ready to serve you with the best in quality at Gimbel's famous low prices.

Surely there are many reasons for you to shop at Gimbel's again.

We hope that no fault on our part has caused you to stay away. Naturally, we want to please you at all times. May we have the pleasure of hearing from you soon?

Cordially yours,

GIMBEL BROTHERS

A. C. Wohl
A. C. Wohl
Credit Manager

AGW:bs

Boyd's

BOYD-RICHARDSON
OLIVE AT SIXTH
SAINT LOUIS

(3)

March 10, 1946

Mrs. O. H. Harrington
1542 West Lincoln Avenue
St. Louis, Missouri

Dear Mrs. Harrington:

It is a pleasure to write you that we have opened a charge account in your name, which is now ready for use.

Our accounts are carried on a thirty-day basis. Charges made during the month are payable the tenth of the following month, and a statement of the account is rendered the first of each month.

Your account will be a convenience to you when making purchases at Boyd's, and we feel sure you will find here a variety of merchandise to satisfy your needs. May we have an early opportunity to prove this to you?

Cordially yours,

BOYD'S

Louis Wellington
Credit Manager

CABLE ADDRESS

NEW YORK OFFICE
10 WEST STREET

HOHNSCHILD, KOHN & CO.
BALTIMORE

DEPARTMENT OF ACCOUNTS

February 15, 1946

(4)

Mrs. L. D. Bechtol
740 West Seventeenth St.
Baltimore, Maryland

Dear Mrs. Bechtol:

Our success is measured to a great degree by the number of friends we can make — and keep! We are, therefore, very much concerned over the fact that you have not answered our communications regarding your account.

We have made a sincere effort to show every consideration, and are still anxious to be of service to you in settling this matter as conveniently as possible for you.

Won't you call us on the telephone or write us concerning the outstanding amount, which is \$48.35.

Cordially yours,

E. J. Epstein

HOHNSCHILD, KOHN & CO.

EAB:k

Business Conditions and Outlook

● Business Is Still Above Last Year in Many Places ●

BUSINESS HAS HELD up well in the face of widespread strikes and work stoppages in large numbers of factories throughout the country. The major industrial regions have been affected most adversely, of course, but operations have been depressed somewhat elsewhere. Yet the total volume of business, which includes both industrial production and commercial transactions, has remained 2 per cent above even the high level of a year ago. The rise in retail trade and the service industries has largely offset the decline in factory output.

THE VARIATIONS among different parts of the country are much greater than usual and in many communities throughout the areas of largest expansion, activity has slowed down considerably. This spotty situation will probably continue until reconversion has been fully completed and labor-management relations more nearly stabilized again.

IN THE EASTERN part of the country, New York City and the surrounding area are still the brightest regions in showing greatest advances over last year. Business has also gained more than the national average in the Southeast, where higher cotton prices and the largest winter tourist spending in many years is keeping trade high. Increases of 10 to 15 per cent over last year are reported in a number of communities and the trend is significantly upward.

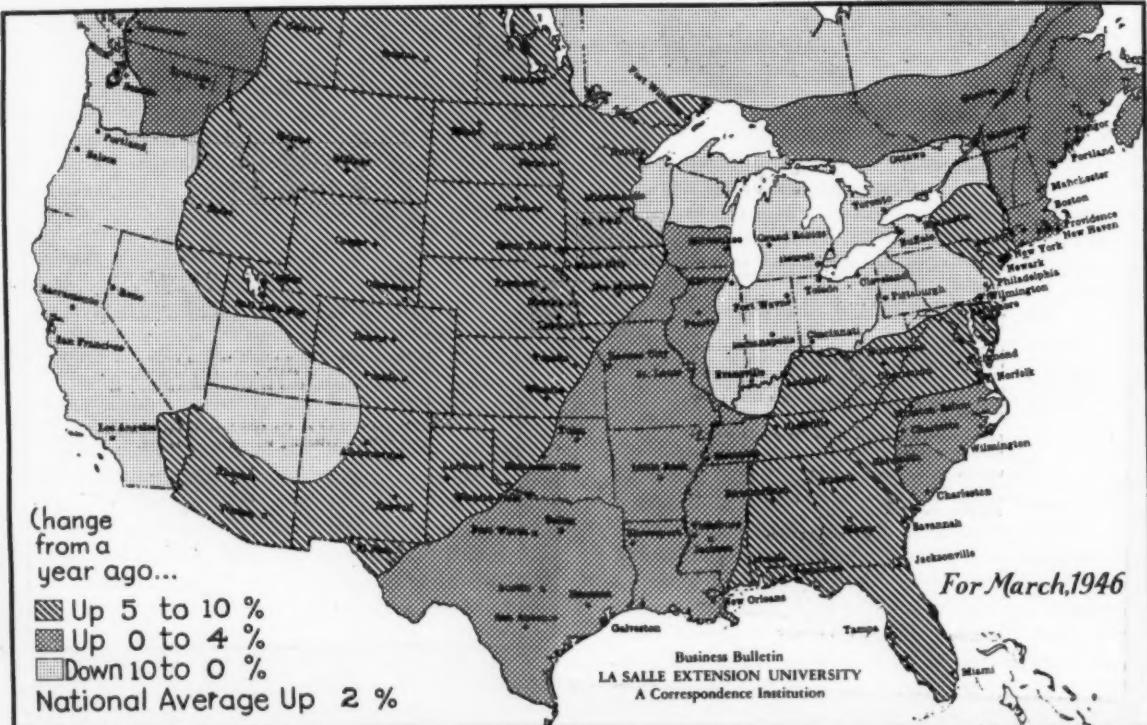
THE LARGEST AREAS of very good business are the major farming districts of the Middle West, where business conditions are better than they have been for many years.

The expansion there during recent months has been much greater than the national average. Close-to-record crops last year and higher farm prices have boosted farm income.

THE MOST IMPORTANT areas in which business has slowed down are the industrial regions of the East and around the Great Lakes. There the volume of trade and industry is below last year, due primarily to the strikes in the steel, automobile, electrical, and related industries. Not long after the strikes are settled and work is resumed business should pick up steadily for some time.

FOR THE FIRST TIME in several years business in the Pacific Coast region is lagging behind the national average, although it is still farther above prewar levels than most other parts of the country. The curtailment of war plants, especially shipbuilding and airplane manufacturing, accounts for most of the recent drop. The trend is expected to become more favorable before long.

IN CANADA, both the volume of business and industrial production have slowed down, with sharp variations among different sections of the country. As compared with a year ago, business is somewhat better in the agricultural regions than in the industrial area, especially that north of the Great Lakes. Both domestic and foreign demand for goods is large and will stimulate business as soon as reconversion is completed. Steady progress is being made in correcting both material and labor shortages, as well as preparing for business expansion later.—**BUSINESS BULLETIN**, La Salle Extension University, Chicago, Ill.





MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin* of the Federal Reserve System
by the Research Division, National Retail Credit Association

TOTAL CONSUMER CREDIT outstanding decreased in January from the year-end peak by about 218 million dollars to an estimated total of 6,448 millions at the end of the month. The principle factor in this decline was a drop of 272 million dollars in charge accounts receivable, which was only partially offset by moderate increases in instalment loans, single-payment loans, and in automobile sale credit.

Instalment loans outstanding increased by about 2 per cent during January, or at a somewhat slower rate than in other recent months. By the end of the month, instalment and single-payment loans were about a fourth above corresponding amounts outstanding a year ago.

Instalment credit outstanding on automobile sales increased during January for the eighth consecutive month and on January 31 was nearly one-fourth larger than a year earlier.

Charge-account indebtedness declined sharply as is usual in January and continued about one-tenth larger than a year earlier.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	
1941 December	20	11	12	23	46
1942 June	22	14	13	22	56
December	31	18	15	30	65
1943 June	29	21	21	33	62
December	35	22	22	55	63
1944 January	20	20	22	31	61
June	31	24	28	30	63
December	36	23	39	49	61
1945 January	22	21	34	31	61
June	32	23	43	33	64
December	36	24	48	46	61
1946 January	32	24	54	32	61

¹ Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
January	576	158	248	24	55	91
June	515	138	237	15	44	81
December	635	184	269	13	70	100
1945						
January	574	172	249	12	61	92
June	532	151	237	11	49	84
December	676	198	283	14	74	107
1946						
January	643	190	272	14	66	101

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—January	64	4	32
June	63	3	34
December	64	4	32
1945—January	63	4	33
June	63	3	34
December	64	4	32
1946—January	64	4	32

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT			SINGLE-PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			TOTAL	AUTOMOTIVE	OTHER			
1941	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764
1942	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513
1943	5,158	1,939	816	175	641	1,123	1,034	1,498
1944								
January	4,818	1,836	745	169	576	1,091	996	1,294
June	4,945	1,826	707	192	515	1,119	1,033	1,370
December	5,790	2,083	836	200	635	1,247	1,220	1,758
1945								
January	5,481	2,013	778	192	574	1,235	1,206	1,528
June	5,649	2,036	720	188	532	1,316	1,242	1,544
December	6,666	2,417	903	227	676	1,514	1,497	1,981
1946								
January	6,448	2,427	882	239	643	1,545	1,533	1,709

Sales
Promotion

Interviewing

Investigating

Authorizing

Billing

Collections

Control

A "give-and-take" page,
wherein readers may ask
— and answer — ques-
tions about their credit
and collection problems
and solve them in the
laboratory of practical
experience...

The CREDIT Clinic

Conducted by ARTHUR H. HERT, Research Director

The Question

What is your policy regarding limits placed on employee charge accounts at the present time?

The Answers

Baltimore, Md.: Our buyers, executives, and department heads, as well as other employees whose credit report would warrant a charge account independent of their relations with us, are given the same accommodations that stranger customers are entitled to. We do not require these employees to pay any carrying charge for deferred payment accounts. Other employees who have been with us for a period of one month on our regular pay roll, and are in good standing, may purchase up to the amount of their weekly salary. Whatever is purchased is then deducted before the weekly salary is paid. Those who have been with us for a period of three months or more on our regular pay roll, and are in good standing, are permitted a limit of twice their weekly salary and arrangements are made to deduct each week from the pay roll one-tenth of the amount so charged. We adhere to the requirements of Regulation W when making these deductions.

★ ★ ★

Baton Rouge, La.: We do not extend an account to any new employee or allow any discount until they have been with us three weeks. After that time we endeavor not to let the average employee charge over a week and a half pay. If an employee makes \$20.00 a week we try not to let them charge over \$30.00, and, in most cases, endeavor to hold this to a lower figure, especially so while they are new.

★ ★ ★

Brooklyn, N. Y.: After thirty days' employment the employee is permitted to charge up to one week's salary limit. The full amount owing may be deducted from salary each week unless $\frac{1}{3}$ deposit is made, when the charge may be divided into five weekly payments. Employees wishing regular open charge accounts must meet the same requirements as any other applicant.

★ ★ ★

Chicago, Ill.: We have no special plan for employee charge accounts. Each approved application establishes an account on its own merit on the line of credit similar to those entered for regular accounts and transactions, except for the discount, and are handled the same as regular charges. Few of the employees would meet the credit requirements we have established for a charge

account; however, if an employee has been here for more than a year and is thought well of by her section head, an account would be opened. We do not open an account as a matter of right; there must be merit. The Collection Office follows up the employee accounts closely; if an account is not paid within 30 days from the sending of the bill, we place a rubber stamp imprint on the statement asking the employee to see the Collection Manager within a certain number of days.

★ ★ ★

Columbus, Ohio: Our policy is to treat an employee who is opening a charge account as we would any other customer. The account is opened on regular credit reports and limits set in accordance with the report. The account must be paid according to Regulation W. If it is a budget account, it is also set up in the same manner as any other customer. If an employee has never had a charge account and has been in our store for six months or more full time, we will open a limited account for her, as we believe that it is only fair to give our employees the opportunity to establish a credit standing. Since our store discount is generous, we insist that all accounts be prompt, and that applies to executives as well as all other store personnel. We segregate our house accounts, with the exception of budget accounts, in order that we may keep them under close supervision.

★ ★ ★

Fort Wayne, Ind.: Our credit policy regarding limits on co-worker charge accounts has always been to try to limit them to twice their weekly salaries. We do not open accounts for co-workers until they have been employed for at least thirty days. Not all co-workers are permitted to have charge accounts, and we are particularly careful with elevator operators and porters. All co-workers are entitled to 15 per cent discount after they have been employed for a period of thirty days. If they are full-time employees, they receive Charga-plates bearing their name and the word "co-worker." This serves as authorization for discount only, and all co-worker sales must be called over the Charga-phone for credit authorization. Co-worker accounts are carried in separate ledgers if they are employed on a full-time basis. Extra or part-time employees' accounts are carried in our regular ledgers, and it is necessary for them to obtain a shopping pass in order to receive discount on the days they are working. We are liberal in the extension of credit to our old employees, but equally cautious of an employee who has been with us for only a short period of time.

Jackson, Miss.: Our employee accounts are handled as direct deductions from our pay roll. Employees are required to work a month before they are eligible for employee discount. All salaried employees are limited to the amount of a month's salary, commission employees to the amount of our estimate of their month's earnings. When an employee has worked for us for a long period of time, this rule is relaxed to a reasonable extent. We also freeze employee accounts in the same manner as any other customer account if this becomes necessary.

★ ★ ★

Lincoln, Neb.: If we would extend credit to an employee if he was employed elsewhere we would open an account for him here. If there has been no previous credit experience, an application for credit is not considered until the employee has been on a full-time basis for sixty days. Credit may then be extended for a limited amount, which, ordinarily, would not exceed the amount of one week's pay. We do not make pay roll deductions, but expect our employees to pay their accounts the same as other customers.

★ ★ ★

Little Rock, Ark.: Our policy is to be as liberal as conditions will permit. With the rapid turnover of help during the past three or four years, we became more strict with employee accounts. An employee must be with us for a period of three months at least before we will open an account. If he has established credit as an outside customer, we may not enforce this period of service upon him. We will sell an ordinary employee approximately twice the amount of their weekly salary. An employee drawing \$25.00 per week and considered permanent would be allowed to charge approximately twice that amount. The longer they remain in our service, the more liberal we become.

★ ★ ★

Louisville, Ky.: In opening an account for an employee or an outside customer, we ask how much credit will cover their monthly requirements, and, if possible, give them the amount for which they ask. If we feel that their request is too high, we ask them to modify it.

★ ★ ★

Omaha, Neb.: We have no definite or fixed policy on limits on employees' charge accounts. We watch these accounts closely to see that they are kept in line with the earning basis of the employee.

★ ★ ★

Peoria, Ill.: It has been our policy for years regarding both the passing on credit and the limit of an employee's charge account that it be based on credit information obtained through our credit bureau and any other information used in passing on credit, the same as we would pass on our prospective customers' credit applications.

★ ★ ★

Pittsburgh, Pa.: The limits on employee accounts are the same as those on any other customer account—\$50.00, \$75.00 or \$100.00. We explain to the employee at the time the account is opened that all bills must be paid by the tenth of the second month following the purchase. Otherwise, the discount which was given at the time of the sale is charged back on the unpaid balance and no excuses are accepted or any extensions granted. We ascertain at the time the account is opened what size

account they wish, and if we have sufficient information, the limit is granted. If not, the employee is told what the limit will be. More than 75 per cent of our employee accounts are guaranteed because our profit is smaller due to the fact that we give a discount. If the account is not paid after the employee is notified their weekly or monthly check may be held.

★ ★ ★

Roanoke, Va.: The majority of our employee charge accounts are handled on the same basis as our customer accounts and are opened in the same manner. We have a few on the pay roll deduction plan which are on the budget basis, one-third down and the balance not less than \$5.00 a month. As to the limits, they are handled individually, and we do not have a blanket rule limiting the accounts to a certain amount. The tickets are authorized in the same way that the customer tickets are authorized.

★ ★ ★

St. Louis, Mo.: Credit on employee accounts is based on the same standard as any other applicant as to salary, length of time, and paying habits. We have been discouraging weekly accounts. Ordinarily we would grant the employee an amount equal to two weeks' salary and payment to be made under Regulation W within six weeks. We do not feel that employees are entitled to a regular monthly account, and have been encouraging them to use our coupon book system.

★ ★ ★

St. Paul, Minn.: Regular employees are extended the privilege of a monthly charge account providing they have been on the store's pay roll for six months or more. Exceptions are made. When employed for less than six months they have the privilege of charging against their salary but are requested to make arrangements at the Credit Office.

★ ★ ★

Tulsa, Okla.: We require a regular credit application from employees, and the account is either approved or rejected. If approved, we notify the employee at his home in writing, and we do not say anything about limits. We check the employee charge ledger every month, and if we notice accounts that are past due, we phone the employee at his or her desk and request that he come to the credit department to discuss the matter. We do not deduct money from employees' checks, but in severe cases we have the pay roll department send the employee's check to the credit department, and we endeavor to bring the past-due account up to date. All new employee credit applications are checked through the credit bureau and decisions are based upon past paying experience.

★ ★ ★

Worcester, Mass.: We permit our employees to charge merchandise on "Employee Accounts" and put a slip in their weekly pay envelopes showing the amount taken out of their salaries. However, if an employee desires a regular thirty-day account he or she applies at the charge office and an opening card is written the same as on an outside charge customer. If the employee goes too deeply into debt, arrangements are made to close the account temporarily and no further charges are accepted until the debt is settled. In this event we take a stated amount per week out of the employee's pay, as agreed, and a receipt is put into the pay envelope.

LOCAL ASSOCIATION *Activities*



The Retail Credit Group in Tulsa

ACTIVITIES of the Retail Credit Group in Tulsa center around the Thursday noon luncheon meetings. These meetings are held regularly with very few exceptions. The exceptions are legal holidays, the last Thursday before Christmas, and, of course, those dates on which the meeting is held at an evening dinner.

The original charter of the Associated Retail Credit Men of Tulsa was granted in 1918. Since that time the proportionate number of women in credit work has increased, until the total membership is now about evenly divided between the two sexes. Therefore, the corporate name seems a little outmoded!

The organization is popularly referred to as the "Tulsa Retail Credit Association," or just the more informal "Credit Group," and time has brought many changes in the organization. However, new members, some of them taking their first job in credit work, soon catch the spirit of mutual helpfulness, and after the first few meetings, they begin to feel perfectly at home. Pretty soon, it seems that they have been working with the group for years.

The organization is governed by an Advisory Board of nineteen members, one of which is Chairman, and which office is equivalent to the Presidency of the association. When the group has made its decision as to whom the Advisory Board members should be, due consideration is given to having all kinds of businesses represented. Two other Advisory Board members are chosen as Special Program Chairman and Secretary of the Board, respectively. Under the By-Laws this Board and these three officers are selected by the President of the Tulsa Retail Merchants' Association, with which the Credit Group is affiliated.

An annual installation dinner is held each November and the new Board members and officers, particularly the new Chairman, are initiated into their new positions. Amid all the fun of this occasion, there is an underlying note of seriousness, and the program of the work for the year ahead is outlined.

On one Thursday of each month, the special program chairman provides a special program of an entertaining or educational nature. This is held either at the usual noon hour or in the evening if more time is desired. In the summer such programs as picnics are often held, and there is always at least one annual outing provided during the warm weather season.

One of the most successful winter special programs last year was a panel when at an evening meeting members representing six different kinds of business, discussed the credit problems peculiar to their line of retail trade. The discussion was followed by an open forum for questions from any of the more than a hundred members and guests who were present.

At other meetings, the County Attorney, Chief of Police, FBI Agents and other such speakers have been featured. Information received at such meetings has been of inestimable value.

At the regular weekly luncheons, there is a discussion of credit experiences with mutual customers; reports of bad checks and an exchange of all unusual credit office experiences of the past week. At first, the names of customers were simply mentioned verbally at the meeting by any member wanting information or having some to offer the others. It was found that in many cases other members would say they were sure they had had the account but did not remember just what their experience had been. So, several years ago a new plan was worked out. This brought into being the *Luncheon News*.

The first page of the weekly *Luncheon News* includes the minutes of the previous meeting and a list of those who were present. There is also a "Forecaster" column which lists coming events of interest to the group, and a "scandal" column known as the "Speakeasy" which is edited by a member of the group. On the back page appears a list of ten or twelve names which are turned in for the discussion list the week before.

The Luncheon News

On Monday of each week members receive an advance copy of the *Luncheon News* mimeographed on blue paper. They have an opportunity to check the names with their ledger records, and jot down the detailed experience. Arriving at the luncheon the following Thursday, each member is given another copy of the *Luncheon News*, this time on pink paper, on which he may note the information given by others to take back to his office. After the meeting, the blue sheets are turned in to the Secretary and later in the day, a Bureau clerk checks them with the files and adds what information is not already recorded there. The member who forgets his blue sheet is fined ten cents, and frequently given a lecture by the Chairman.

Probably of benefit, equal to the regular luncheons, and the special evening meetings, are the smaller study groups, constituted of those members who have some common interest. For instance, when cycle billing became a subject of such wide interest in credit circles, a member was appointed to gather all available information, through travel, mail and contact with companies handling such equipment. Later, several meetings were held of the members representing the six or seven stores whose business justified their consideration of such a plan, and the individual plans of these stores were, therefore, standardized to fit the local situation, which is important because

(Turn to "Tulsa Credit Group," page 29.)



THREE SUCCESSFUL MEDIUMS

WE HAVE USED mailing lists and newspaper ads as mediums for credit sales promotions in our store with considerable success. Recently we purchased the lists of industrial workers, major business officials, minor business officials, and the Rochester Museum Association. We followed the customary routine on these lists. First they were checked for accounts already on our books and for prior Credit experience with us. Then to the remaining we sent a letter, *illustration No. 1*. A postage prepaid envelope and an application card, *illustration No. 3*, goes with each letter.

When the replies come in, we check through the Credit Bureau and almost invariably find them to be acceptable credit risks. If we have occasion to decline an account, we usually do it in person after sending a letter asking for an interview. With the large number of names on our customer list, almost any list we could buy would

turn out to be 50% to 60% already known to us. We sent out 1,600 letters and, as a result, opened more than 175 new accounts.

Parts of the newspaper ads we used are shown in *illustrations 4, 5, and 6*. Here are the results we derived through the use of this medium:

Newspaper	Date Run	Replies	Accounts Opened
A	7/15/43	73	62
B	8/18/43	85	84
A	10/19/43	43	41
B	1/3/44	72	71
A	5/19/44	31	30
B	7/10/45	48	42

In addition, we are making an attempt to revive inactive accounts. A letter, *illustration No. 2*, was sent to these accounts on February 28, 1946. The results of this letter will be reported in a future issue of *The CREDIT WORLD*.—Leonard Berry, *Credit Manager*, B. Forman Co., Rochester, N. Y. *******

Open a B. Forman Co. Charge Account—by Mail

See this . . . Fill out this application formularie and mail it to Forman's. We will give it immediate attention—and if you are in good credit standing, you will be able to shop at discounted Forman's even more conveniently, and buy whenever you wish. We invite you to join the Forman "customer family" today!

FORMAN—ROCHESTER, 4—APPLICATION FOR CHARGE ACCOUNT

Please check [] I have a checking account
Name _____
Residence _____ City _____ Postal Zone _____
Former Residence _____ Name and Address _____
Husband's Occupation _____ Name and Address _____
Wife's Occupation _____ Name and Address _____
Book: _____ I have a checking account _____
I have a charge account _____
Personal References: Name and Address _____
Your Signature _____

OPEN A FORMAN CHARGE ACCOUNT

"There are so many advantages to having a charge account at Forman's, a monthly record of your purchases, advance notice of events, convenience in buying your shopping discoveries when you have no cash with you, and so on. Our friendly Credit Department will cooperate in the details. (Fourth Floor).

OPEN SATURDAY EVENING UNIT 9

A FORMAN CHARGE ACCOUNT IS A GREAT CONVENIENCE

Of course, a Forman charge account is a precious possession at any time, but for those who plan to visit Santa it has a special significance. It allows you to buy the gifts you want exactly where you discover them. Our credit department will gladly co-operate. (Fourth Floor).

B. FORMAN CO.
• Clinton Avenue South—Rochester 4, New York

(1) March 1, 1946

Mr. Ralph Johnson
1946 Victory Avenue
Rochester, New York

Dear Mr. Johnson:

Believing that a charge account adds to pleasure and convenience in shopping, we invite you to open one with us. May we express the hope that you will regard this as an evidence of our sincere desire to serve our customers the best possible way.

Naturally, we hope you will accept our invitation and we assure you now that every member of our staff will be diligent in carrying out deserving your good will and approval.

The enclosed card should be completed and returned to us in the envelope provided and you will be notified immediately when your Forman charge account becomes available.

Believe me,

Yours truly,
B. FORMAN COMPANY
Leonard Berry
Credit Manager

Leonard Berry

3/1/46

Telephone Main 3500

B. FORMAN CO.
ROCHESTER, NEW YORK

(2)

Now at Forman's, this will be such an exciting season for fashions and accessories that we wanted you to have this special invitation to visit Forman's during "Fashion Week" beginning March 4.

In the brief note of welcome this is meant to be, I can hardly wait to speak of course with these delightful new exclusives of ours let me at least pay quick tribute to the talented American designer who created these spirited young fashions, and to our very mercurial experts whose ability and good taste brought them here for your enjoyment.

First of all, the quality and values for which our pleasant and friendly store has long been noted are again a feature of these presentations - so much so, that you will doubtless find your Forman charge account more useful and convenient than ever.

It is our sincere hope that you will watch our newspaper announcements with extra interest during "Fashion Week", and also that you will come to Forman's to share our enthusiasm over the inspiring new collections.

Gordially yours,
B. Forman Co.

Feb. 28
1946

Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

Automobile Sales Promotion Through the Use of Credit

NEW CARS AND TRUCKS will soon be rolling off the assembly lines of the manufacturers in quantity. Again we will know that hundreds of thousands of new cars and trucks will be produced and again we will be back in the Automobile Business.

This war has taught us that as a nation we can produce in volume, equal to any nation in the world, whether it be cars and trucks, the products of the forests, of the mines, or of agriculture. We can produce in volume, but are we as equally expert in the distribution of the volume of this production? Are we able to profitably sell this volume of production?

Factory wheels will not turn without orders to be filled. The volume of products of automobile manufacturers could not be distributed in volume without *mass* selling. It has been rightfully said that "Nothing happens until someone makes a sale." Sales promotion and selling will, therefore, become one of the most important phases in our country's interest, if we are to make our contribution toward our country's most important problem, that of keeping all of the employable gainfully employed. Better sales methods and sales policies of retail dealers will be inaugurated, and better salesmen will be employed and trained than in the past. But after this had been accomplished, will it fill the bill for the sale of the mass of production of automobiles and trucks that we believe are to come?

Let us look at the picture in the automobile industry and see what our task is to be like. In 1940, automobile instalment terms of sale were the weakest of any time in our history, and in that year, in the United States, 4.5 million cars and trucks were produced. We understand that before long 5 million cars and trucks will be produced in the United States, or 6.25 million, at 1940 prices. In order to sell the 4.5 million cars and trucks manufactured in 1940, instalment selling played its part. In order to do so, however, the weakest terms in the history of the industry had to be used. How, then, will we move 6.25 million? (In Canada 1940 production of cars, trucks, and buses was 130,552 units exceeded only by 1937, and instalment terms in Canada in that year were also very weak.)

True, conditions today compared with 1940 are not the same. There is more money today in the hands of the buying public in the form of savings accounts, Victory Bonds, and veterans' gratuities, etc., but, on the other hand, white collar workers, and those with fixed incomes have not shared in boom earnings. In fact they have undergone a lower standard of living. Also, the purchasing power of everybody's dollar is much lower than in 1940. In addition, wage earners' take home pay is reduced.

L. J. BAXTER, the author of this article, is Secretary-Treasurer, McDermott Motors Ltd., Vancouver, B. C., Canada.

Although there is more money available in savings of one kind or another I believe that these accumulations of savings will be held by the people of this country as a reserve. They will, therefore, buy their next automobile out of *income*.

So we have the question, "What kind of terms will it take to sell such a large increase in car production?" Is there anyone who thinks that present down payments and terms will do this?

Some retail automobile dealers wish Government control of credit regulations to be discontinued, others wish Government control retained. To me, however, the biggest question is not who will control instalment credit, the Government or business, but, how can the intelligent use of instalment credit increase its usefulness as a *sales promotion factor* in the distribution of cars and trucks? To some, regulated down payments and terms, has meant the distinction between poor business and good business, and these terms were used as the rule of thumb, by the sales manager in accepting or rejecting a deal. Any deal that came between the scope of the down payment required and the maximum length of term of payment constituted good business, any other was taboo. True, the control of terms is desirable and it can be used as a guide in the merchandising of new and used trucks; but it should not be construed in itself as a sales promotion instrument. The intelligent use of credit is the major factor, not terms of sale, which, I believe, has been kept too paramount in the dealers' minds.

Credit, a Sales Promotion Tool

How, then, can credit, and by that I mean the intelligent use of instalment credit, play its part as a sales promotion tool?

The credit profession's objective is to contribute towards the major objective of any business venture, i.e., profits. The two main highways of these are: (1) increased sales, and (2) decreased credit losses. The idea is to move simultaneously along these highways and determine the proper speed of sane travel. The line between liberality and unsound extension of credit may be thin at times, but it is real and it is the responsibility of trained credit men, not just anyone in the organization, to determine the distinction, and furnished with all the facts available, so that the credit executive can base his decision.

Just as top management in the retail automobile dealers' organization has recognized the sales executive, so must top management recognize the skilled credit executive of his business. The credit sales department of the dealer's business is as important to his business as his car sales, service, and parts departments. Top management should become credit sales conscious and help to encourage the use of instalment credit consistent with sound business principles and the welfare of the community in

"Tulsa Credit Group"

(Beginning on page 26.)

they are serving the same customers. This same procedure was used several years ago when skeleton billing was inaugurated by a similar group. Such study groups have also worked out policies necessary to conform to Regulation W and other wartime restrictions related to credit extension.

Several months ago, when worry over the war and general lack of interest in civilian affairs brought a decided drop in attendance at all business meetings, the Tulsa Credit Group was no exception. So, we decided to do something to bring our attendance up to normal. For years, the Bureau had been donating a free luncheon each week to one lucky member, whose name was drawn from the "Kitty." Borrowing an idea from one of the civic clubs, it was decided that each member should place dime in the drawing and if the one whose name was drawn first were present, he or she would get both the free luncheon and the dimes of all others present. If not present, the drawing would be continued for the free luncheon, but the dimes would be held till the next week, when the procedure would be repeated. The result is that on several occasions the collection of dimes, which soon became known as "The Old Cat," has grown to twelve or fourteen dollars, before it is finally awarded. Attendance is now back up to an average of thirty-eight to forty at regular meetings, and anywhere from fifty to a hundred for special programs. It is the supreme ambition and crowning triumph for a Tulsa credit executive to walk off with both the "Kitty" and "The Old Cat."

Each local member is a member of the National Retail Credit Association and frequently a current copy of *The CREDIT WORLD* is pulled from pocket or purse in the middle of a discussion to illustrate some point which is being made.

The Tulsa Credit Group has not been sleeping during the war period when credit transactions have been 60 per cent under normal. On the contrary, members individually and collectively have been making their plans for the more active period which they know is not far off. *But they all know that no matter how busy they get, there will still be time to attend the Thursday noon luncheons and to take part in the special events planned for them by their association.*—J. C. Rayson, Manager, Retail Merchants Association and Retail Trade Board, Tulsa, Oklahoma. **★★★**

which he does business. Sales management of the dealer's business should also recognize the importance of the credit sales department, and the credit sales executive.

The retail automobile dealer who is looking for profitable car and truck sales volume should, through the credit sales executive, help to protect the interest of credit managers and customers alike, by obtaining credit reports on all applications for credit. He should give his support to the education of the public to the proper use of instalment credit. In Canada only 45 out of 100 buyers used instalment credit to buy their automobiles while the other 55 bought for cash. Those cash buyers should be educated to buy their next cars or trucks on a time basis. Here is a large market yet to be developed. He should insist that in his business he maintain good credit records.



"Your course and the book, *Streamlined Letters*, is, without doubt, the best I have ever taken. Due to war conditions I was away from business correspondence for almost four years, and I found it difficult to dictate letters after returning to credit work. From the first reading of the book and the first lesson, the way has been smoothed and my letters improved steadily. Many faults that I did not know existed were discovered and corrected through your help. Best of all, your course showed me how to avoid errors in the future. Such assistance cannot be measured in dollars and cents, and I am more than glad your advertisement attracted my eye a few months ago."—F. P. Dessor, Socony-Vacuum Oil Co., Inwood, N. Y.



"I wish to congratulate you on your new booklet *THE GOOD THINGS OF LIFE ON CREDIT*. It is one of the finest pieces of its kind that I have seen in my 24 years of bureau work."—C. R. Minick, Manager, The Credit Bureau, Beatrice, Neb.



"I have pleasant memories of attending your convention in 1927 at Providence, R. I. I am hoping to be in U. S. A. in June of this year, and if possible, would like to renew my pleasant acquaintance with your Convention. I have just received your December number of *The CREDIT WORLD*, and would like to congratulate you on the splendid way in which your Journal carries out its good work."—G. Harley Denney, Essex & Suffolk Credit Traders' Association, London, England.



"Thank you for so faithfully sending me *The CREDIT WORLD*. It has been my only contact with the outside credit world, and I appreciate all the copies you mailed."—Charles S. Bolf, SKD2c, San Francisco, Calif., Formerly Credit Manager Enger & Olson, Inc., Duluth, Minn.



"We received your folder, together with booklet of successful department store letters, and samples of various types of stickers and application for credit, and must compliment you on the splendid job you are doing. We feel that this will be a big help, and prove beneficial in our business."—A. Calp, Credit Manager, Calp's, Saint John, New Brunswick.



"The *CREDIT WORLD* has been one of my main assistants during my 18 years in the collection and credit bureau field. At present we must know what is happening in the credit field throughout America in order that we may produce intelligently a Bulletin of interest and containing pertinent facts. For this purpose we always refer to the current issue of *The CREDIT WORLD*."—Henry S. Fulks, Manager, Credit Bureau of Coles County, Mattoon, Illinois.

He should wholeheartedly support, with other retail automobile dealers in his community, in the matter of credit sales, policies and credit terms affecting his community as a whole.

Instalment credit's use can be advanced greatly, and should be considered as a basic factor in the promotion of sales of cars and trucks. I believe it has a great future ahead in the hands of trained credit executives.

The hostility to instalment sales is based on outmoded ideas not practical in an expanding economy, and expand we must, if all the employable are to be gainfully employed. Our standard of living must go up or we cannot maintain an expanding economy. *Instalment credit, in the distribution of cars and trucks, will be a potent weapon.*





In the News

WHILE THE population of all Latin American countries combined is almost as large as that of the United States, the combined income of these countries before 1939 was less than one-fourth of ours.

★ ★ ★

AMERICA'S ten most important export items prior to the war were, in order of value: cotton, tobacco, petroleum, fruits and nuts, automobiles and parts, copper, meats and fats, industrial machinery, lumber products, and furs.

★ ★ ★

THE REAL INCOME of the American people, despite spreading nation-wide strikes, and their consequent unemployment, at the start of January, 1946, was 83 cents, or 17 cents lower on the dollar than a year earlier, according to Investors Syndicate.

★ ★ ★

INSTALLMENT ACCOUNTS outstanding at furniture and jewelry stores showed about the usual seasonal decrease in January, and were around ten per cent higher than a year earlier. Household appliance store accounts receivable remained at the December level, and were larger than a year ago for the first time since January, 1942.

★ ★ ★

IN JANUARY, 1945, demand deposits totaled around \$65 billion, of which some \$40 billion was held by business concerns, about \$21 billion by individuals and \$4 billion by trust funds, non-profit associations and foreigners, says a Twentieth Century Fund survey.

★ ★ ★

MORE THAN 20,000,000 Americans have been enabled to improve their housing conditions through the insurance by the FHA of more than \$8.7 billion in mortgages and loans advanced by private capital, according to Commissioner Raymond M. Foley of the Federal Housing Administration.

★ ★ ★

AT HOUSEHOLD appliance stores the January collection ratio reached a new high of 54 per cent, while at furniture stores the ratio was unchanged at the December level of 24 per cent. Collections at jewelry stores during January were 32 per cent of installment accounts outstanding at the beginning of the month.

★ ★ ★

BIG BUSINESS is largely concentrated in four fields: public utilities, manufacturing, mining and quarrying, and banking.

★ ★ ★

BEFORE THE war about four million Americans paid an income tax. After the war began, the number rose to above forty million, or over 10 times as many.

★ ★ ★

A TWENTIETH Century Fund survey says that retail stores in small cities tend to have a higher ratio of profit to sales than those in big cities.

★ ★ ★

FURNITURE STORE sales declined substantially in January, but were 42 per cent above the year-ago level. Both cash and installment sales were reduced sharply, and were considerably above those last year. Charge-account sales in January amounted to about four-fifths of the December volume, and were up 26 per cent over the year-period.

★ ★ ★

THE VEXING question of job seniority for veterans is moving ahead slowly through the courts. The Justice Department has decided to go into a federal court to support a veteran's contention that he has a right to return to his job even though his employer has a union contract which would seem to hold to the contrary.

★ ★ ★

THE ACUTE phase of the world's food shortage should end during the second half of 1946, according to the Department of Agriculture. Improvement is expected during the latter part of the year in vegetable oils, sugar and grain.

ON JANUARY 1, 1946, average wages paid by farmers were up 7 per cent in 12 months, and had advanced 177 per cent, compared with October 1, 1939, when farm wages still were at about depression levels. U. S. Department of Agriculture reports that farmers had only 1,320,000 hired helpers on January 1, the smallest amount of assistance in 21 years of government records.

★ ★ ★

INSTALLMENT ACCOUNTS outstanding at department stores declined by slightly less than the customary seasonal amount in January, and were four per cent above the year-ago level. Collections on installment accounts increased slightly, resulting in a collection ratio of 32 per cent, four points less than in December. Installment accounts were collected, on the average, in about five months, approximately the same length of time as in January 1945.

★ ★ ★

WASHINGTON FORECASTERS and planners now say they erred considerably in their anticipation of the extent of unemployment due to reconversion bottlenecks. Four million unemployed will be the peak in spring, is the present estimate instead of double that number which appeared last fall to the planners as a reasonable guess.

★ ★ ★

THERE IS many a change of mind, of course, but among the veterans who have recently passed through separation centers, about one out of every 25 men has expressed an intention of going into business for himself. The Department of Commerce expects this trend to accelerate.

★ ★ ★

THE PRESIDENT wants continued control, but does not say, for how long consumer credit should be controlled.

★ ★ ★

OF EVERY 100 recipients of old-age assistance last year in 19 states, 70 lived in their own establishments; 22 lived in homes of relatives; 3 lived in boarding or nursing homes or private institutions, and 5 had other living arrangements.

★ ★ ★

NOT LESS than five billion dollars, and possibly eight billion, will be the cost of supporting farm prices until January 1, 1949, under the Steagall Amendment.

★ ★ ★

INDUSTRIAL STRIKERS could find their eventual pay increases a losing proposition, because higher living costs, inevitable if wages rise will eat up much of the increases. A bigger tax bill on the higher wages will take another bite. Added wages mean additional living costs.

★ ★ ★

TAX REVISION during the next six months will be a period of uncertainty. One of the first subjects will probably be the Social Security payroll tax. Chances are still even that they will remain pegged at 1 per cent each on employer and employee during 1947 and possibly 1948.

★ ★ ★

CONSUMER INSTALLMENT loans made in January by commercial banks, small loan companies, industrial banking companies, and credit unions declined by about 20 per cent from the usually high December volume, and amounted to 244 million dollars. This total, however, was about 40 per cent above the year-ago volume.

★ ★ ★

THE TOTAL volume of new construction in 1946 may reach 9 billion dollars under the impact of the proposed Wyatt housing program instead of the 7.5 billion dollars previously forecast, according to the Construction Division, Department of Commerce.

★ ★ ★

AFTER JUNE 30TH you can scrape that federal tax sticker off your automobile windshield and forget that such a tax ever existed. The new tax bill repeals the \$5.00 federal automobile tax which cost the automobile owners one hundred forty million dollars annually.

Credit and Collection Procedure

Accounts of Servicemen

THE TAKING OF applications for credit of returning servicemen and women is an important problem for the credit fraternity at the present time. As time goes on, this condition will continue to increase. They are quite anxious to establish credit, yet at the same time, many want to make purchases of a fairly large amount on a deferred payment plan to furnish a home.

With Regulation W still in existence, the deferred payment plan gives us a certain amount of control because of the required down payment and limited time allowed for settlement.

Many servicemen are not returning to their former jobs as they are marking time trying to decide what business or occupation to follow, yet they want to open charge accounts. Many say they were too young before the war started to establish a credit record. In the majority of instances, we would be willing to arrange a limited budget account for their immediate use so they could establish a credit record, yet they do look upon this procedure favorably. They feel that a budget account is one step lower than the dignified monthly charge account, and is not the same type of character credit they should receive.

Of course, a more favorable condition exists when servicemen reside in your home city and where records of their families are already established, than those who come from out of town and who are unable to furnish any previous credit background. In my opinion, this is an interesting problem for thought and consideration.—E. A. Epstein, *Credit Manager*, Hochschild, Kohn & Co., Baltimore, Md. ★★

Use of the Telephone

WHY DOES a telephone ring? In asking this question, we are not trying to determine the mechanics which make the ringing of the bell. We are trying to say that your telephone rings because someone wants to speak to you and finds the telephone the most convenient method for doing so.

If it rings at home, it is usually a social call or possibly an invitation to a dinner or a party of some kind, generally a friendly call. When it rings in the office, it can be for any purpose from a pleasant greeting to a complaint about service or merchandise. No matter what the nature of the conversation at the other end of the wire, the answering conversation should always be courteous and congenial. That is good advertising as well as good business.

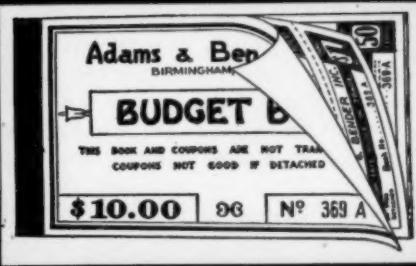
We need more affability at both ends of the telephone. We should first consider this thought in connection with ourselves. If our answer conveys the impression of

interest, patience and understanding, it will go a long way toward taming any antagonistic attitude at the other end. Would it not be well to consider a telephone call as an opportunity to serve, rather than look upon it as an annoying buzzing in your ear? When the telephone rings think that here is someone who needs my help or wants me to do something for him and I am going to make every effort to do just that. We could do much toward making business more enjoyable if we would cultivate a pleasant conversational attitude on the telephone.

As we cannot see the speaker does not mean that we should be any different in our attitude or tone than if we were talking face to face. Nor, if the person at the other end of the telephone is angry, does it give any reason to become the same way at your end of the line. Your response should always be pleasant, regardless of the attitude of the other fellow.

Listening is always profitable. A telephone has an earpiece as well as a mouthpiece. *Use them both to your best advantage.*—Clarence E. Wolfinger, *Credit Manager*, Lit Brothers, Philadelphia, Pa. ★★

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CREDIT LETTERS

An Opportunity to Build Prestige and Good Will

RECENTLY I was walking with a friend along a busy street in one of our large cities. "That's one of the most progressive firms in town," he said, pointing to the bronze nameplate on the corner of a large building; "their merchandise, their service, their letters—all are top-notch."

This concern had won the confidence, the respect—even the admiration—of a customer through the consistent efficiency of its operations. Probably many of its other patrons shared this feeling of respect and confidence.

Today it is not unusual to find retail concerns that give close attention to the quality of their merchandise and the efficiency of their service. These are fundamental requirements of sound management. But many organizations that measure up fully to these requirements are much less exacting in the third function that impressed my friend—the letters that go to their customers.

Any stack of run-of-the-mill letters from retail concerns will provide, with discouraging frequency, samples of typographical errors, misspelled words, messy erasures, strike-overs, tactless choice of words, unattractive arrangement of the message on the page, glaring grammatical errors, wordy sentences, ambiguous statements. All this means just one thing—few retail houses have yet realized the tremendous power of their letters to influence their customers and prospects *favorably or otherwise*.

Every business letter makes an impression—*good or bad*—upon its reader. If the message is presented clearly, smoothly, convincingly, and attractively, the impression will be

favorable. The letter will provide tangible evidence of efficiency and cordiality. But if the message bears the earmarks of careless mediocrity, or worse—then the reaction to it will be distinctly negative.

In the well-chosen words of Doris DeLong, "Every time you write a letter, your mind is on parade." The recipients of your letters will judge you—and your firm—by what you write and how you write it.

No group in the whole field of retailing has better reason than credit executives to take letter writing seriously. The credit department is constantly engaged in the important business of public relations. Letters granting or declining requests for charge accounts, letters inviting credit patronage, letters soliciting the renewed use of inactive accounts, even collection letters—all are avenues of public relations. The skill and finesse with which these letters are written—the persuasiveness and "human quality" that goes into them—will determine their "pulling power" in getting the results desired.

Yes, letters have become one of the vital instruments of retail public relations. They provide an ideal means of direct, personal contact with both customers and prospects. And no other division of the modern retail store has so many opportunities as the credit department to *put letters to work* in building profit and prestige for the house.

CHAIRMAN, DEPARTMENT OF BUSINESS COMMUNICATION
THE UNIVERSITY OF OKLAHOMA

